VIA Rail Canada

2025 Annual report

Edric Raffi Ghazarian
Locomotive engineer, Toronto Terminal

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Who We Are

VIA Rail operates Canada's national passenger rail service on behalf of the Government of Canada, meeting passenger needs for intercity travel as well as transportation to regional and remote communities. An independent Crown corporation established in 1977, VIA Rail provides safe, accessible, reliable, cost-effective, and environmentally responsible service from coast to coast to coast in both official languages.

Anthony Gurreri
Railway car tehcnician, Montréal Maintenance Centre

Elsa Yris Gabriel Garcia
General worker, Montréal Maintenance Centre

Employees

3,867

EMPLOYEE DIVERSITY (ACTIVE EMPLOYEES ONLY)

25%
are visible minorities

5%
are people with disabilities

35%
are women

3%
are Indigenous people

Passengers

PASSENGER TRIPS

4.4 M

DISTANCE TRAVELLED BY PASSENGERS

986 M

Passenger Miles

PASSENGER TRIPS PER TRAIN ROUTE

95%

of passenger trips consist of intercity travel (in the Corridor)

3% Long-Distance
2% Regional

PASSENGER REVENUE PER TRAIN ROUTE

79%

of passenger revenues are from intercity travel (in the Corridor)

20% Long-Distance
1% Regional

Fleet

294

TRAIN CARS

(in and out of service)

70

LOCOMOTIVES

32

NEW TRAINS RECEIVED IN THE QUÉBEC CITY–WINDSOR CORRIDOR: AS OF DECEMBER 31, 2025

Buildings

100

VIA RAIL TRAINS RUN THROUGH 100 TRAIN STATIONS OF WHICH 42 ARE DESIGNATED HERITAGE STATIONS

VIA Rail owns 59 of these stations

7

OFFICES

1 head office
6 regional offices

4

MAINTENANCE CENTRES

→ Montréal
→ Toronto
→ Winnipeg
→ Vancouver

Kevin Boissoneau
Locomotive engineer, Toronto terminal

Where We Operate

With a fleet of locomotives and train cars, stations and maintenance centres, VIA Rail's operations span the nation we serve. Our employees are dedicated to moving Canadians from East to West, North to South, with stops in between.

Frequency Train Departures

404

DEPARTURES PER WEEK
ON AVERAGE, OF WHICH
78% DEPART ON TIME

400+

COMMUNITIES SERVED
ACROSS CANADA

LONG-DISTANCE TRAVEL AND TOURISM

In Western and Eastern Canada, VIA Rail's trains provide intercity service connecting communities while supporting Canada's tourism industry by attracting travellers from around the world. The *Canadian*, VIA Rail's western transcontinental train, provides service between Vancouver and Toronto. In Eastern Canada, the *Ocean* runs between Montréal and Halifax.

INTERCITY TRAVEL (IN THE CORRIDOR)

In the densely populated Corridor area between Québec City and Windsor, VIA Rail trains provide travel between the downtown cores of major urban centres, as well as between suburban centres and communities.

REGIONAL SERVICES

VIA Rail provides passenger service in several rural and remote regions of Canada. Mandated by the Government of Canada to meet essential transportation needs, these trains serve many communities where alternative, year-round transportation is limited or unavailable.

Hayley Arraujo
Concierge on board the Canadian

Hinda Duale
Manager, Customer Experience in the Corridor

VIAction 2030: Our strategic plan

In 2024, VIA Rail introduced its new strategic plan, VIAction 2030, which is the blueprint for the company's next chapter. This ambitious plan positions VIA Rail to become a best-in-class operator in North America and a leader in integrated mobility at the heart of the passenger journey.

Our Strategic Pillars

Customers and Communities:

Connecting more communities, moving more Canadians

Safety and Security:

Safety and security as priority one, in everything we do, for our employees and our customers

People and Culture:

A high-performing workplace where our people can bring their whole selves to work, are empowered for impact and thrive

Environment:

An environmental champion in our services and the way we operate

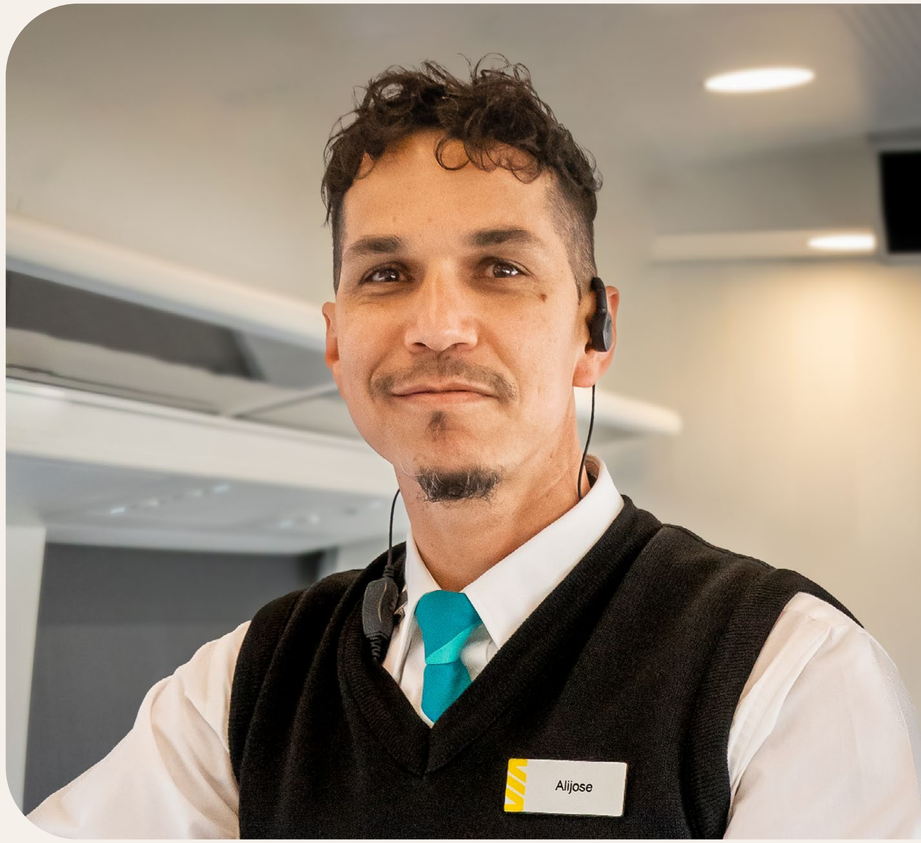
Organizational Sustainability:

An organization that is agile, innovative and delivers financial rigour to drive performance

More information on VIA Rail's strategic plan can be found at **corpo.viarail.ca**

Nathalie Coulson
Senior service attendant, Western Canada

Ali Jose Prieto
Service manager, Corridor



Our Vision, Our Mission and Our Values

VIA Rail is dedicated to ensuring that its vision, mission and values truly reflect its aspirations and the mandate provided by the Government of Canada.

Our Vision

A Smarter Way to Move People

We aspire to positively impact the lives of those around us: passengers, employees, partners and the communities we move. VIA Rail provides sustainable, efficient and effective passenger rail service while embedding environmental, social, economic and ethical considerations into our strategy and everyday operations.

Our Mission

Passengers First

Our primary focus is our passengers. We work on improving our services and redefining VIA Rail to provide our passengers with the most enjoyable travel experience and to find better ways to connect Canadian communities. Safety is and will remain paramount.

Waleed Al Harty
Senior service attendant

Our Values

Go Further Together

We collaborate to yield better results. We deliver as one.
We are accountable for our actions to gain and maintain the trust of our shareholder, our customers, and our colleagues.

Act Today for a Better Tomorrow

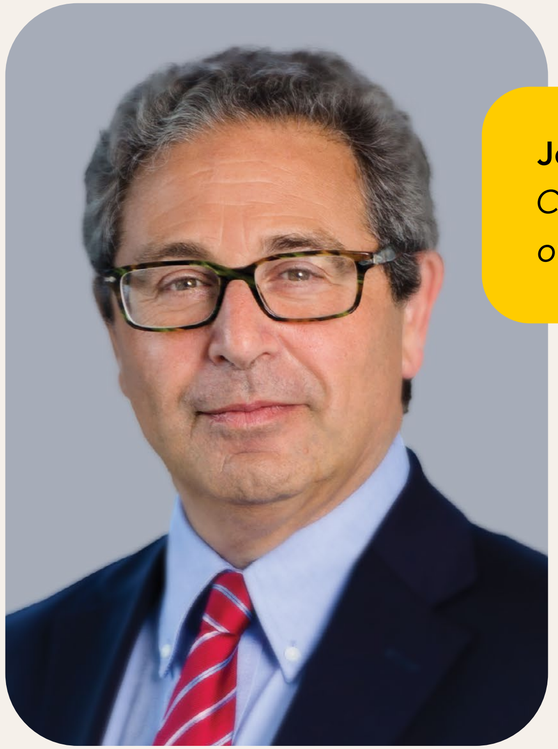
We understand that our actions today will affect the world we live in tomorrow. We embed sustainability as an important criterion in our decisions. We rethink our ways, and we challenge the status quo. We reimagine the possible.

Go the Extra Mile

We put the customer at the centre of our decision-making.
We put ourselves in the shoes of our passengers and our colleagues.
We create positive experiences for both our customers and our colleagues, so they stay onboard.

Elizabeth Cloutier and Crys Samson
Locomotive engineers, Quebec Terminal

Joint Message from the Chair of the Board and the Interim President & CEO



Jonathan Goldbloom
Chair of the Board of Directors

Mathieu Paquette
Interim President & Chief Executive Officer

The year 2025 was one of significant challenge and progress for VIA Rail. Against a backdrop of economic uncertainty, geopolitical tension and shifting travel patterns, we were reminded that strong national institutions matter. Passenger rail remains one of the few services that physically links Canadians across vast distances, strengthening our sense of shared purpose.

This commitment to national connection was especially evident through the Government of Canada's *Canada Strong Pass*, which encouraged young people and families to explore the country by rail. Seeing thousands of new travellers step aboard, many experiencing train travel for the first time, was inspiring. Their journeys served as a reminder that rail continues to bring Canadians together, whether discovering unfamiliar regions or reconnecting with familiar ones. We look forward to welcoming even more Canadians in 2026 as the program continues.

In 2025, VIA Rail completed the full commissioning of its new Corridor fleet, one of the largest and most complex modernization initiatives in our history. A transformation of this scale inevitably brings challenges. Mechanical issues and speed restrictions impacted punctuality and reliability, and we recognize the inconvenience this caused our passengers. Amid the operational pressures of a complex fleet transition, our employees supported customers with professionalism and care, exemplifying the steady, human mindset that defines VIA Rail at its best.

Together, the Board and Executive team are addressing these challenges with discipline and clarity. Some of the pressures we face, particularly from operating primarily on infrastructure we do not own, are longstanding. But many aspects of our performance are within our control, and together we are taking a hard look at what must improve. With the commissioning phase now complete, our focus has shifted fully to stabilization, performance optimization, and continuous improvement.

Despite these operational pressures, revenues increased and our deficit narrowed, results achieved through disciplined management and the dedication of our teams across the country. As the Corporation continues to modernize and rebuild ridership, responsible stewardship of public resources remains central to our mandate.

We would like to acknowledge the contributions of VIA Rail's previous CEO, Mario Péloquin, and thank him for his work during an important period in the Corporation's evolution. As we move forward with renewed focus, we are committed to ensuring stability and continuity. With a new interim CEO in place, the Board and Executive team share a unified view of the challenges ahead and the opportunities before us.

Among the opportunities that continue to shape our path, we advanced in 2025 with one of the most important procurements in VIA Rail's history: a new fleet for our Long Distance, Regional and Remote services. By completing the Request for Qualifications and launching the Request for Proposals, we took critical steps toward renewing the trains that connect communities across the country.

Investments such as the modernization of the Toronto Maintenance Centre also advanced significantly this past year. When completed in 2026, this project will reinforce long-term fleet reliability, offering substantial benefits for the resilience of our operations.

Constructive labour relations were another defining feature of 2025. VIA Rail reached new collective agreements with Unifor, representing the majority of our workforce. This achievement reflects mutual respect, organizational stability, and a shared dedication to serving Canadians.

Throughout the year, Canadians reminded us how deeply they value passenger rail. This was especially visible during the milestone anniversaries marking *The Ocean's* 120th year of service and *The Canadian's* 70th. Thousands gathered in Halifax and Vancouver to share stories, tour the trains, and celebrate a shared legacy that spans generations and regions.

We thank the Government of Canada and the Ministers of Transport who served in 2025, Minister Anita Anand, Minister Chrystia Freeland, and Minister Steven MacKinnon, for their support of VIA Rail and their commitment to passenger rail across Canada.

Above all, we want to thank VIA Rail's 3,867 employees for their dedication, and our passengers for the trust they place in us.

Together, the Board and the Executive Team remain united in purpose. Our priorities are clear. We will stabilize performance, strengthen reliability, reinforce public confidence and continue building a passenger rail system that Canadians can depend on with pride for generations to come.

Jonathan Goldbloom
Chair of the Board of Directors

Mathieu Paquette
Interim President & Chief Executive Officer

Message from the Chief Financial and Technology Officer

Carl Delisle, CPA
Chief Financial and Technology Officer

The year 2025 required discipline and focus. In a constrained fiscal environment, VIA Rail increased revenues to $514.8 million, up from $478.0 million the previous year, while reducing the operating loss to $375.7 million. These results reflect deliberate cost controls, strengthened financial oversight and a rigorous review of expenditures across the organization.

As Chief Financial and Technology Officer, I am mindful that we are stewards of public funds, and I take that responsibility seriously. Throughout the year, I worked closely with our teams to ensure that every dollar supports service reliability, modernization and long-term sustainability, in alignment with the Government of Canada's Comprehensive Expenditure Review, which called upon federally funded organizations to reduce operating spending. Under our VIAction 2030 Strategic Plan, VIA had already embarked on an ambitious operational review of all our activities to find savings, increase efficiencies and reduce our deficit. It is a program in which we will continually seek improvements.

Technology remains a key enabler of that progress. In 2025, VIA Rail expanded the use of advanced analytics and artificial intelligence to optimize fuel consumption, one of its largest operating expenses. Strengthened asset management and improved operational efficiency are helping reduce costs while enhancing performance.

VIA Rail's Corporate Project Management Office was honoured with the 2025 Elixir PMO of the Year Award from PMI-Montréal, recognizing disciplined governance and oversight of nearly 200 strategic projects nationwide. Strong project management remains essential to delivering modernization initiatives on time and on budget.

Capital investments continued in 2025, including the modernization of the Toronto Maintenance Centre and progress on procuring a new fleet for Long Distance, Regional and Remote services. These investments are guided by a clear objective: strengthening financial sustainability while supporting reliable service for Canadians.

While ridership remained stable, encouraging trends in revenue optimization emerged, including greater use of enhanced reservation tools and premium offerings. VIA Rail's customers remain loyal, and the Corporation is confident that ridership will grow as reliability improves.

Operational performance and financial stewardship are inseparable. Reliability drives revenue. Discipline drives sustainability.

That discipline is not driven by finance alone. In 2025, VIA Rail introduced Innovia, a platform designed to bring employees' ideas forward and turn them into practical improvements across the organization. By empowering teams to identify efficiencies, reduce waste and strengthen processes, Innovia strengthens a culture of continuous improvement. Many of the most meaningful gains in cost management and operational effectiveness begin with the people closest to the work, and this initiative reflects the Corporation's commitment to harnessing that expertise.

Transport Canada's ongoing cooperation has been instrumental throughout the year. The ministry and the Government of Canada continue to demonstrate confidence in VIA Rail and provide critical support as we modernize and strengthen performance. For that partnership, I am sincerely grateful.

In my relatively short time with the Corporation, I have come to admire a culture in which employees consistently strive to improve and better serve our customers. That commitment is reflected in the stories we hear from travellers about the professionalism and care shown by our teams.

I remain confident in VIA Rail's ability to modernize responsibly, manage costs effectively and build a financially sustainable future for passenger rail in Canada. I thank our teams across the country for their dedication and professionalism, which make that progress possible.

Carl Delisle, CPA
Chief Financial and Technology Officer

Julie Gaudet
Service manager on the Canadian

Lhoussain Kezzou
Lead, Diesel Engine Mechanic, Locomotive Maintenance, Montréal Maintenance Centre

The Year at a Glance

Financial Results are produced according to International Financial Reporting Standards. Financial statement results by line have been reclassified to reflect the internal presentation.

	2025	2024	2023	2022	2021
KEY FINANCIAL INDICATORS (in millions of dollars)					
Total passenger revenues (1)	493.1	455.0	408.4	317.9	118.2
Total revenues (1)	**518.5**	**480.2**	**430.7**	**335.1**	**133.5**
Operating expenses (1)	892.4	845.5	809.6	676.0	479.1
Contributions for employee benefits (1)	1.8	19.9	2.8	13.4	24.9
Total Operating expenses (1)	**894.2**	**865.4**	**812.5**	**689.4**	**504.0**
Operating loss	**375.7**	**385.2**	**381.8**	**354.3**	**370.5**
Capital expenditures	359.8	527.1	391.2	318.2	226.4
Total Funding Required	**735.5**	**912.3**	**773.0**	**672.5**	**596.9**
Government Operating Funding	375.7	385.2	381.8	354.3	370.5
Government Capital Funding	146.3	213.1	184.7	147.3	126.2
Government Capital Funding – Fleet replacement program	213.5	314.0	206.5	170.9	100.2
Total Government Funding	**735.5**	**912.3**	**773.0**	**672.5**	**596.9**
KEY OPERATING STATISTICS (2)					
Total passenger-miles (in millions)	986	967	910	749	327
Total passengers (in thousands)	4,395	4,389	4,117	3,302	1,512
Total seat-miles (in millions)	1,757	1,764	1,490	1,225	668
Operating deficit per passenger-mile (in cents)	38.1	39.8	42.0	47.3	113.3
Yield (cents per passenger-mile)	49.6	46.9	43.6	41.8	35.4
Train-miles operated (in thousands)	6,431	6,611	6,343	5,382	3,647
Car-miles operated (in thousands)	43,249	42,507	39,446	34,340	18,472
Average passenger load factor (%)	56	55	61	61	49
Average number of passenger-miles per train mile	153	146	143	139	90
On-time performance (%)	35	51	59	57	72
Number of full time equivalent employees during the period	3,571	3,485	3,316	2,975	2,370

(1) Financial statement amounts were adjusted to reflect funded activities.
(2) Key operating statistics are unaudited.

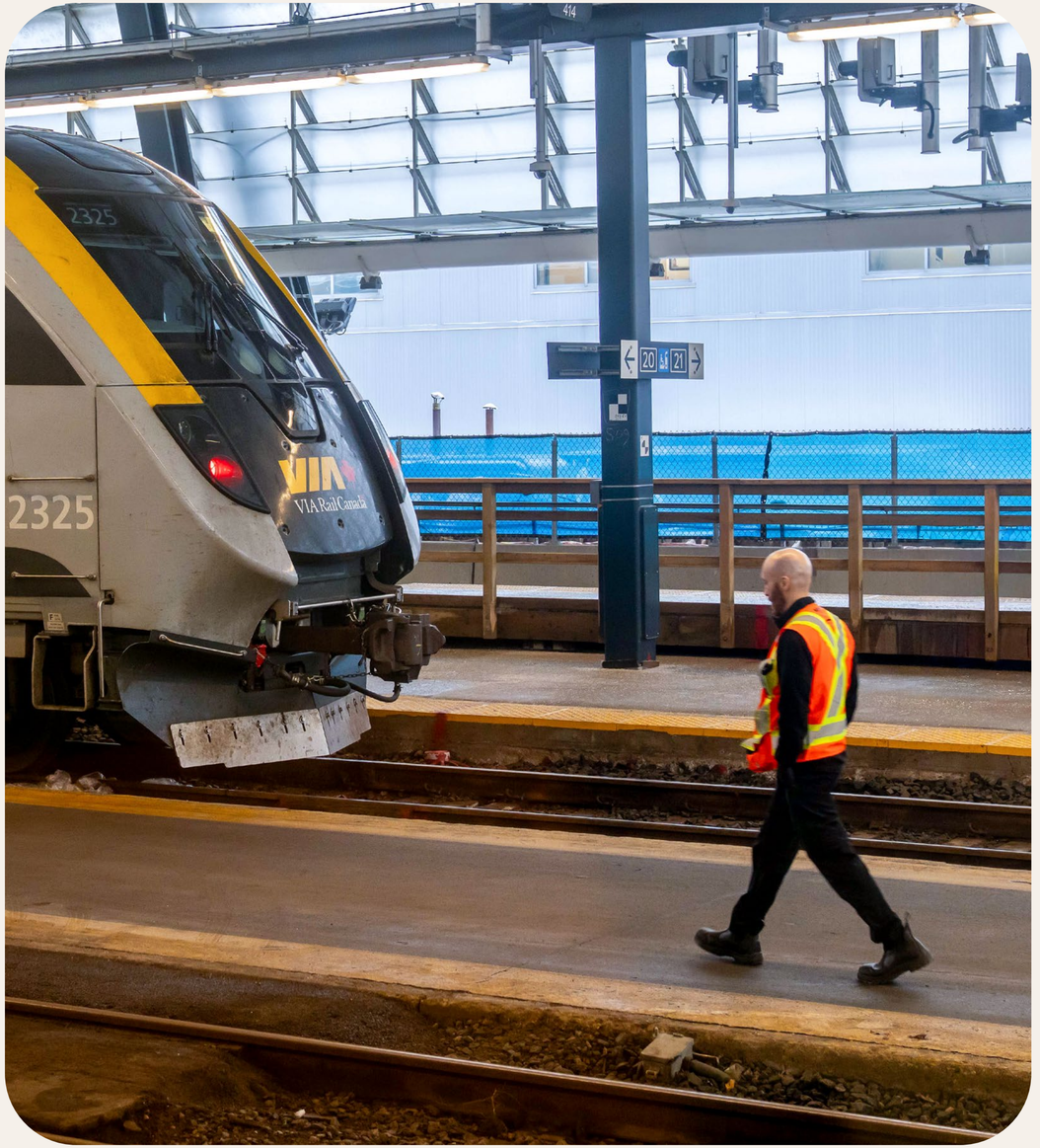
KEY OPERATING SATISTICS BY SERVICE GROUP

Train Service Summary – For the year 2025 (Revenues and costs by train service are unaudited)

Train Services	Revenues (in thousands)	Costs (in thousands)	Shortfall (in thousands)	Subsidy per passenger	Subsidy per passenger-mile	Passengers per week	Passengers per year
Montréal-Ottawa-Toronto	$ 259,572	$ 376,137	$ 116,565	$ 50.55	$ 0.20	44,347	2,306,031
Québec City-Montréal-Ottawa	90,147	135,542	45,395	43.95	0.30	19,862	1,032,841
Corridor East	**$ 349,719**	**$ 511,679**	**$ 161,960**	**$ 48.51**	**$ 0.22**	**64,209**	**3,338,872**
Toronto-London-Sarnia-Windsor	58,467	103,213	44,746	56.37	0.42	15,264	793,727
Toronto-Niagara	1,743	11,234	9,491	206.50	2.64	884	45,961
Southwestern Ontario (SWO)	**$ 60,210**	**$ 114,447**	**$ 54,237**	**$ 64.59**	**$ 0.49**	**16,148**	**839,688**
Corridor	**$ 409,929**	**$ 626,126**	**$ 216,197**	**$ 51.74**	**$ 0.26**	**80,357**	**4,178,560**
Montréal-Halifax	16,760	60,070	43,310	590.55	1.17	1,410	73,339
Toronto-Vancouver	85,544	137,807	52,263	685.10	0.52	1,467	76,285
Longhauls	**$ 102,304**	**$ 197,877**	**$ 95,573**	**$ 638.75**	**$ 0.70**	**2,877**	**149,624**
Montréal-Gaspé	0	0	0	n/a	n/a	0	0
Montréal-Jonquière	392	7,820	7,428	920.56	5.72	155	8,069
Montréal-Senneterre	475	7,342	6,867	610.51	3.81	216	11,248
Sudbury-White River	377	6,955	6,578	944.44	6.73	134	6,965
Winnipeg-Churchill	3,732	28,543	24,811	954.67	3.15	500	25,989
Jasper-Prince Rupert	1,261	14,662	13,401	902.97	3.11	285	14,841
Mandatory	**$ 6,237**	**$ 65,322**	**$ 59,085**	**$ 880.39**	**$ 3.63**	**1,290**	**67,112**
The Pas and Pukatawagan[1]	n/a	$ 4,836	$ 4,836	n/a	n/a	n/a	n/a
Total	**$ 518,470**	**$ 894,161**	**$ 375,691**	**$ 85.48**	**$ 0.38**	**84,524**	**4,395,296**

(1) Service operated by Keewatin Railway Company between The Pas and Pukatawagan.

Maxime Duchesne
Lead, Diesel Engine Mechanic, Wheel Shop, Montréal Maintenance Centre



Juan Arango
General worker, Toronto Union Station

Governance

The Board of Directors

VIA Rail's Board of Directors, in collaboration with the Executive Management team, plays a key role in aligning the Corporation's strategic direction and Corporate Plan with the objectives of the Government of Canada.

As of December 31, 2025, the Board of Directors consisted of the Chairperson of the Board, the President and Chief Executive Officer and nine other directors appointed by the Government of Canada. Of the ten directors (excluding the CEO of VIA Rail), three are women and seven are men. The Board oversees the strategic direction and management of the Corporation, and reports on VIA Rail's operations to Parliament through the Honourable Steven MacKinnon, Minister of Transport.

The Board held 26 meetings in 2025, and the committees met a total of 24 times. The average attendance rate of Board meetings was 90%. Total fees paid to board members during this period amounted to $507,000.

The Board of Directors

JONATHAN GOLDBLOOM

MONTRÉAL (QUÉBEC)

Chairperson of the Board of Directors
Board member since June 2017

Ex officio member of all committees

GRANT CHRISTOFF

VANCOUVER (BRITISH COLUMBIA)

Board member since March 2019

Member of the Major Projects Committee
and Member of the Human Resources Committee

DANIEL F. GALLIVAN

HALIFAX (NOVA SCOTIA)

Board member since June 2017

Chair of the Governance Committee,
Member of the Business Operations Committee
and Member of Human Resources Committee

MIRANDA KEATING ERICKSON

CALGARY (ALBERTA)

Board Member since March 2019

Chair of the Human Resources Committee,
Member of the Major Projects Committee
and Member of the Governance Committee

GLENN RAINBIRD

BELLEVILLE (ONTARIO)

Board member since June 2017

Chair of the Major Projects Committee,
Member of the Governance Committee and
Member of Business Operations Committee

GAIL LOUISE STEPHENS

VICTORIA (BRITISH COLUMBIA)

Board member since June 2017

Chair of the Audit and Risk Committee,
Member of the Human Resources Committee
and Member of the Governance Committee

KENNETH TAN

RICHMOND (BRITISH COLUMBIA)

Board member since June 2017

Member of the Major Projects Committee
and Member of the Audit and Risk Committee

CATHERINE KLOEPFER

WINNIPEG (MANITOBA)

Board member since May 2024

Member of the Major Projects Committee
and Member of the Audit and Risk Committee

FILIPE DINIS

OTTAWA (ONTARIO)

Board member since May 2024

Chair of the Business Operations Committee,
Member of the Audit and Risk Committee
and Member of the Governance Committee

JONATHAN SCOTT

BRADFORD (ONTARIO)

Board member since July 2024

Member of the Business Operations Committee
and Member of the Human Resources Committee

Directors' Experience

The Board of VIA Rail brings together experienced and diverse leaders with expertise in corporate governance, government affairs, finance, project management, human resources, public policy, as well as risk management, safety and security. Their combined experience supports the Corporation's strategic direction, in accordance with the Directors' Competencies Policy.

Independence of the Board

The Board, with the exception of the President and CEO, operates independently from the Corporation's management. This separation supports an effective governance model, with the Board holding management accountable for VIA Rail's performance and routinely reviewing how responsibilities are allocated across the organization. The governance of Board activities and the definition of its powers are outlined in VIA Rail's bylaws. The Board and Committee Charters further clarify governance roles and responsibilities and offer detailed guidelines on procedures.

Board and Committee meetings include in camera sessions, allowing directors to hold confidential discussions with the CEO, as well as separate sessions without the CEO. The Audit and Risk Committee also meets privately with representatives of the Office of the Auditor General of Canada, with VIA Rail's Chief Financial Officer, and Internal Auditor, and in camera as a Committee without the CEO.

Governance at Work

In 2025, the Board of Directors maintained steady oversight of VIA Rail's performance, governance and long-term transformation. Throughout the year, it monitored operating and financial results against the Corporate Plan and ensured transparent reporting and stewardship of public funds through regular quarterly reviews.

The Board also oversaw progress on the Corporation's key modernization initiatives. This included continued advancement of the Corridor Fleet Replacement Program, with trainset deliveries and related capital deployment supporting the renewal of service in the Québec City–Windsor Corridor. In parallel, the Board maintained oversight of long-distance fleet sustainment and reliability initiatives, including ongoing work related to the Legacy program and complementary measures aimed at improving fleet availability and operational resilience.

In addition to performance and capital oversight, the Board reinforced VIA Rail's governance and compliance foundations. In 2025, the Corporation advanced its accessibility commitments, including the unveiling of its 2026–2029 Accessibility Plan submitted to the Government of Canada. The Board further supported the Corporation's strategic direction by overseeing continued alignment with VIA Rail's long-term vision, including the evolution of VIAction 2030 as a guiding framework for priorities and outcomes.

The Board also continued to support VIA Rail's role as a national institution, marking key milestones that underscored the Corporation's enduring public value, such as the 120th anniversary of The *Ocean* and the 70th anniversary of The *Canadian*.

Delivery of the Special Examination

In 2025, VIA Rail continued to advance the Office of the Auditor General of Canada's (OAG) Special Examination initiated in 2024, supporting the OAG's independent work through sustained collaboration, structured evidence gathering, and timely engagement with management and the Board. This in-depth review, conducted under the *Financial Administration Act*, underscores the Corporation's commitment to transparency and accountability, with the Special Examination expected to be completed as part of the OAG's 2025–26 work plan.

Compensation

Director compensation at VIA Rail is determined by Order in Council. Both the Chairperson and other independent directors are compensated with an annual retainer for their service and participation in Committee and Board meetings. They also receive a fixed per diem for travel time. The compensation structure, which aligns with the Treasury Board Guidelines, as follows:

- Chair of the Board: Receives an annual retainer of $12,400 and a per diem of $485.
- Directors: Receive an annual retainer of $6,200 and the same per diem of $485.
- Chairs of Committees: Receive the base retainer plus an additional annual retainer of $6,200.

Directors are also reimbursed for reasonable out-of-pocket expenses incurred while performing their duties. These expenses include travel, accommodation, and meals. Each Board member serves on multiple committees.

Committees of the Board

As of December 31, 2025, the Board and Committee structure was composed of the following committees:

- **Audit and Risk Committee:** Gail Louise Stephens (Chair), Filipe Dinis, Catherine Kloepfer, and Kenneth Tan
- **Major Projects Committee:** Glenn Rainbird (Chair), Grant Christoff, Miranda Keating Erickson, Catherine Kloepfer and Kenneth Tan
- **Human Resources Committee:** Miranda Keating Erickson (Chair), Grant Christoff, Daniel F. Gallivan Jonathan, Scott, and Gail Louise Stephens
- **Business Operations Committee:** Filipe Dinis (Chair), Daniel F. Gallivan, Glenn Rainbird and Jonathan Scott
- **Governance Committee:** Daniel F. Gallivan (Chair), Miranda Keating Erickson, Filipe Dinis, Gail Louise Stephens and Glenn Rainbird

The Committees' mandates are available under the "Board of Directors" section of VIA Rail's corporate website: **corpo.viarail.ca**. The Chairperson of the Board of Directors is an ex officio member of all Committees. The President and Chief Executive Officer is also an ex officio member of all Committees, except the Audit and Pension Investment Committee.

Board and Management Training

In 2025, the Board of Directors continued to strengthen its effectiveness through a focused program of education sessions designed to deepen directors' understanding of VIA Rail's operating environment, shareholder context, and enterprise risks. The Board engaged in briefings on the macroeconomic outlook in Canada and globally to better assess key assumptions, demand and cost pressures, and scenario impacts on planning and performance.

Directors also received updates on Transport Canada's priorities, strengthening alignment with government expectations and enhancing the Board's oversight of strategic positioning and stakeholder engagement. The Board participated in an education session with the Canadian Armed Forces to enhance awareness of security, resilience, and emergency response coordination, supporting stronger governance of business continuity and crisis preparedness.

Directors further explored maritime tourism and regional economic development perspectives to inform oversight of service opportunities, partnerships, and VIA Rail's contribution to regional growth. Finally, the Board examined environmental sustainability and emergency preparedness to integrate climate and resilience considerations into its oversight of risk management, operational readiness, and long-term stewardship.

Travel, Hospitality and Conference Expenses

THE FOLLOWING TRAVEL, HOSPITALITY AND CONFERENCE EXPENSES WERE SUBMITTED DURING 2025	
Françoise Bertrand and Jonathan Goldbloom Chairperson of the Board of Directors	$7,351
Mario Péloquin President and Chief Executive Officer	$32,229
Executive Management committee members (9 members)	$165,361
Board of Directors (11 members)	$113,209
Total VIA Rail (including above expenses)	**$1,614,908**

Executive Compensation

2025 EXECUTIVE COMPENSATION RANGE DISCLOSURE[1]		
Cash Compensation[2 3]	**President and Chief Executive Officer**	**Officers**
Base Salary Range	$382,300 – $448,700	$204,445 – $327,984
Incentive Program Range	13% – 26%	35% – 50%
Total Compensation Range per Calendar Year	**$432,000 – $565,362**	**$312,258 – $494,465**

PERQUISITES PROGRAM		
Car Allowance	$45,000	$24,000
Social, Sports Club Memberships		
Health Care Spending Account		
Comprehensive Medical Exams		
Financial Planning Services		

1. On December 31, 2025, Executive Officers were: President and Chief Executive Officer, Chief Communications and Human Resources Officer, Chief Financial Officer, Chief Commercial Officer, Chief Service Delivery Officer and General Counsel.

2. Cash compensation does not reflect the actual salary and incentives paid to executives but merely the range for their respective positions.

3. The salary range for the President and CEO is set by order of the Governor in Council and may differ from the standard salary range outlined above.

Annual Public Meeting

VIA Rail's 2025 Annual Public Meeting was pre-recorded and presented on August 21, 2025. During the meeting, Jonathan Goldbloom, Chairperson of the Board of Directors, Mario Péloquin, President and CEO and Carl Delisle, Chief Financial and Technology Officer, shared and discussed results from 2024 along with VIA Rail's plans for the future. Canadians were invited to submit questions about our operations and services in the weeks leading up to the meeting, which can be found **here**. Subtitled versions of the Annual Public Meeting are available on **VIA Rail's YouTube channel** in both official languages and offered with closed captioning, voiceover, and sign language interpretation (ASL).

Access to Information and Privacy

VIA Rail believes that openness and transparency are the starting points in building a relationship of trust with its customers, partners and the public in general. VIA Rail has continuously improved its practices related to access to information as provided in the *Access to Information Act* and the *Privacy Act*, to which VIA Rail became subject in 2007.

In the summer of 2025, as per the requirements of the Government of Canada, VIA Rail submitted its 2024–2025 annual reports on access to information and privacy to the Access to Information Commissioner and the Privacy Commissioner, respectively, as well as to the Minister of Transport. VIA Rail is committed to responding to information requests from the public, the media and all those interested in our operations in a timely manner. From April 1, 2024, to March 31, 2025, VIA Rail received 66 new requests under the Access to *Information Act* and the *Privacy Act*. This compares to a total of 75 requests received during the corresponding period from April 2023 to March 2024.

Nounagnon Zinhota
Senior service attendant on the Ocean

Management's Discussion and Analysis

For the quarter and the year ended
December 31, 2025

1. Introduction

The management's discussion and analysis report outlines the financial results of VIA Rail Canada Inc. (The Corporation) for the quarter and the year ended December 31, 2025, compared with the quarter and the year ended December 31, 2024. This document should be read in conjunction with the audited financial statements and notes.

Materiality

In assessing what information is to be provided in this report, management applies the materiality principle as guidance for disclosure. Management considers information material if it is probable that its omission or misstatement, judged in the surrounding circumstances, would influence decisions that the Corporation's stakeholders make on the basis of the financial information.

Forward-Looking Statement Disclosure

This Management's discussion and analysis report contains forward-looking statements which may be identified with the words "may", "likely to" and "could". These statements reflect our evaluation of the information currently available and are subject to a number of risks and uncertainties referred to in the risk section of this document.

2. Corporate Overview

VIA Rail is a non-agent Crown corporation that operates Canada's national passenger rail service on behalf of the Government of Canada. The Corporation's objectives are to manage and provide a safe, efficient, reliable, and environmentally sustainable passenger rail service that meets the needs of travellers in Canada.

The Government of Canada determines the Corporation's role within the overall structure and services provided by the federal government and provides appropriations to subsidize passenger rail services.

3. Highlights of Financial Results and Major Key Operating Statistics

	QUARTERS ENDED DECEMBER 31				YEARS ENDED DECEMBER 31			
(in millions of Canadian dollars)	**2025**	**2024**	**Var $**	**Var %**	**2025**	**2024**	**Var $**	**Var %**
Financial Performance								
Passenger revenues *(section 4.2)*	**131.2**	120.0	11.2	9.3%	**489.4**	452.8	36.6	8.1%
Other revenues	**6.8**	6.9	(0.1)	(1.4%)	**25.4**	25.2	0.2	0.8%
Total revenues	**138.0**	126.9	11.1	8.7%	**514.8**	478.0	36.8	7.7%
Operating expenses *(section 4.3)*	**293.1**	267.0	26.1	9.8%	**1,087.1**	1,014.1	73.0	7.2%
Operating loss before funding from the Government of Canada and income taxes *(section 4.1)*	**(155.1)**	(140.1)	(15.0)	(10.7%)	**(572.3)**	(536.1)	(36.2)	(6.8%)
Net (loss) income for the period	**(8.9)**	0.5	(9.4)	(1880.0%)	**(13.9)**	0.1	(14.0)	(14000.0%)
Remeasurements of defined benefit components of the pension plans and other employee benefit plans (net of tax)	**14.9**	28.2	(13.3)	(47.2%)	**97.1**	106.5	(9.4)	(8.8%)
Comprehensive income for the period	**6.0**	28.7	(22.7)	(79.1%)	**83.2**	106.6	(23.4)	(22.0%)

3. Highlights of Financial Results and Major Key Operating Statistics (cont'd)

	QUARTERS ENDED DECEMBER 31				YEARS ENDED DECEMBER 31			
(in millions of Canadian dollars)	**2025**	**2024**	**Var $**	**Var %**	**2025**	**2024**	**Var $**	**Var %**
Financial Position and Cash Flows								
Total assets *(section 4.4) (Note 1)*	**3,657.3**	3,419.5	237.8	7.0%	**3,657.3**	3,419.5	237.8	7.0%
Total liabilities and deferred capital funding *(section 4.4) (Note 1)*	**3,273.1**	3,118.5	154.6	5.0%	**3,273.1**	3,118.5	154.6	5.0%
Cash *(section 4.5)*	**34.8**	64.1	(29.3)	(45.7%)	**34.8**	64.1	(29.3)	(45.7%)
Net cash provided by (used in) operating activities *(section 4.5)*	**1.7**	(34.6)	36.3	104.9%	**57.0**	(23.2)	80.2	345.7%
Net cash (used in) provided by investing activities *(section 4.5)*	**(37.9)**	84.0	(121.9)	(145.1%)	**(82.6)**	68.0	(150.6)	(221.5%)
Net cash used in financing activities *(section 4.5)*	**(0.9)**	(0.8)	(0.1)	(12.5%)	**(3.7)**	(3.5)	(0.2)	(5.7%)
Government Funding								
Operating *(section 5)*	**94.8**	100.4	(5.6)	(5.6%)	**375.7**	385.2	(9.5)	(2.5%)
Capital *(section 5)*	**63.2**	130.4	(67.2)	(51.5%)	**359.8**	527.1	(167.3)	(31.7%)
Total Government funding	**158.0**	**230.8**	**(72.8)**	**(31.5%)**	**735.5**	**912.3**	**(176.8)**	**(19.4%)**
Key Operating Statistics								
Train-miles operated (in thousands)	**1,611**	1,700	(89)	(5.2%)	**6,431**	6,611	(180)	(2.7%)
Seat-miles (in millions)	**437**	458	(21)	(4.6%)	**1,757**	1,764	(7)	(0.4%)
Passengers-miles (in millions)	**247**	250	(3)	(1.2%)	**986**	967	19	2.0%
Passengers (in thousands)	**1,130.7**	1,146.5	(15.8)	(1.4%)	**4,395.2**	4,389.3	5.9	0.1%
Average passenger load factor (%)	**57**	55	2	3.6%	**56**	55	1	1.8%
RASM (revenue per available seat mile) (in cents) – *Note 2*	**31.50**	28.01	3.49	12.5%	**29.51**	27.22	2.29	8.4%
CASM (cost per available seat mile) (in cents) – *Note 2*	**53.21**	49.93	3.28	6.6%	**50.88**	49.06	1.82	3.7%
Cost recovery ratio (%) – *Note 2*	**59.2**	56.1	3.1	5.5%	**58.0**	55.5	2.5	4.5%
Operating deficit per passenger mile (in cents) – *Note 2*	**38.4**	40.2	(1.8)	(4.5%)	**38.1**	39.8	(1.7)	(4.3%)
On-time performance (%)	**42**	34	8	23.5%	**35**	51	(16)	(31.4%)

(Amounts in brackets represent decreases)
Note 1: Comparative figures as at December 31, 2024
Note 2: Based on funded results

3. Highlights of Financial Results and Major Key Operating Statistics (cont'd)

Financial Highlights

Fourth quarter

- → Total revenues increased by 8.7 percent resulting from an increase in average revenues partly offset by a decrease in ridership, compared to the corresponding quarter of 2024.
- → Operating expenses increased by 9.8 percent mainly due to higher depreciation and amortization, higher compensation costs as well as higher costs involved with the disruptions in acces.
- → The operating loss increased by 10.7 percent due to an increase in operating expenses higher than the increase in revenues.
- → Operating funding decreased by 5.6 percent, reflecting the lower amounts required for funded activities.
- → The Corporation generated a comprehensive income of $6.0 million compared to a comprehensive income of $28.7 million in 2024. The variation is mainly due to the remeasurements of the defined benefit components of the pension plans and other employee benefit plans.

3. Highlights of Financial Results and Major Key Operating Statistics (cont'd)

Year

- → Total revenues increased by 7.7 percent also resulting from an increase in average revenues as well as a slight increase in ridership.
- → Operating expenses increased by 7.2 percent due to higher depreciation and amortization, higher compensation costs as well as higher costs involved with the disruptions in access, compared to the corresponding year of 2024.
- → The operating loss increased by 6.8 percent due to an increase in operating expenses, partly offset by an increase in revenues.
- → Operating funding decreased by 2.5 percent, reflecting lower amounts required for funded activities.
- → The Corporation generated a comprehensive income of $83.2 million compared to a comprehensive income of $106.6 million in 2024. The variation is mainly due to the remeasurements of the defined benefit components of the pension plans and other employee benefit plans.

Most of the operating statistics related to revenues and ridership (train-miles, seat-miles) have deteriorated this quarter and on a cumulative basis. Revenues per available seat-mile (RASM) have increased reflecting the fact that the increase in revenues (8.7 percent) was higher than the increase in capacity (4.6 percent seat-miles). Costs per available seat-mile (CASM) have increased reflecting the fact that the increase in costs (9.8 percent) was higher than the increase in capacity (4.6 percent seat-miles).

The cost recovery ratio has improved by 5.5 percent compared to the corresponding quarter last year and by 4.5 percent on a cumulative basis.

Due to recent developments with one of the third-party infrastructure owners, the Corporation is facing disruptions in access that have led to a significant drop in on-time performance from 51 percent in 2024 to 35 percent in 2025.

4. Analysis of Financial Results

4.1 Comparison of IFRS and Funded Operating Results

	QUARTERS ENDED DECEMBER 31				YEARS ENDED DECEMBER 31			
(in millions of Canadian dollars)	**2025**	**2024**	**Var $**	**Var %**	**2025**	**2024**	**Var $**	**Var %**
Operating loss on a funded basis	**(94.8)**	**(100.4)**	**5.6**	**5.6%**	**(375.7)**	**(385.2)**	**9.5**	**2.5%**
NON-FUNDED ADJUSTMENT TO REVENUES								
Adjustment for VIA Préférence points and others	**0.5**	(1.4)	1.9	135.7%	**(3.7)**	(2.2)	(1.5)	(68.2%)
NON-FUNDED ADJUSTMENTS TO EXPENSES								
Pension and other employee benefit plans	**(15.5)**	(9.7)	(5.8)	(59.8%)	**(12.8)**	(13.1)	0.3	2.3%
Depreciation, amortization and loss on disposal	**(48.0)**	(40.2)	(7.8)	(19.4%)	**(177.4)**	(150.4)	(27.0)	(18.0%)
Other provisions for non-cash items	**2.7**	11.6	(8.9)	(76.7%)	**(2.7)**	14.8	(17.5)	(118.2%)
Total non-funded adjustments to expenses	**(60.8)**	(38.3)	(22.5)	(58.7%)	**(192.9)**	(148.7)	(44.2)	(29.7%)
Total items not requiring funds from operations	**(60.3)**	**(39.7)**	**(20.6)**	**(51.9%)**	**(196.6)**	**(150.9)**	**(45.7)**	**(30.3%)**
Operating loss under IFRS	**(155.1)**	**(140.1)**	**(15.0)**	**(10.7%)**	**(572.3)**	**(536.1)**	**(36.2)**	**(6.8%)**
Operating funding from the Government of Canada	**94.8**	100.4	(5.6)	(5.6%)	**375.7**	385.2	(9.5)	(2.5%)
Amortization of deferred capital funding	**47.0**	39.2	7.8	19.9%	**173.1**	146.3	26.8	18.3%
Net loss before income taxes	**(13.3)**	**(0.5)**	**(12.8)**	**(2560.0%)**	**(23.5)**	**(4.6)**	**(18.9)**	**(410.9%)**
Income tax recovery	**4.4**	1.0	3.4	340.0%	**9.6**	4.7	4.9	104.3%
Net (loss) income under IFRS for the period	**(8.9)**	**0.5**	**(9.4)**	**(1880.0%)**	**(13.9)**	**0.1**	**(14.0)**	**(14000.0%)**
Remeasurements of the defined benefit component of the pension plans and other employee benefit plans	**20.2**	38.5	(18.3)	(47.5%)	**132.1**	145.0	(12.9)	(8.9%)
Income tax expense	**(5.3)**	(10.3)	5.0	48.5%	**(35.0)**	(38.5)	3.5	9.1%
Other comprehensive income	**14.9**	**28.2**	**(13.3)**	**(47.2%)**	**97.1**	**106.5**	**(9.4)**	**(8.8%)**
Comprehensive income for the period	**6.0**	**28.7**	**(22.7)**	**(79.1%)**	**83.2**	**106.6**	**(23.4)**	**(22.0%)**

(Amounts in brackets represent decreases)

4. Analysis of Financial Results (cont'd)

4.1 Comparison of IFRS and Funded Operating Results (cont'd)

Net (loss) income under IFRS for the quarter:

Net loss of ($8.9) million this quarter, compared to a net income of $0.5 million last year, representing a deterioration of $9.4 million driven by:

- → Higher operating loss of $15.0 million resulting from higher operating expenses of $26.1 million mostly due to higher depreciation, amortization and loss on disposal of $7.8 million as well as to the disruptions in access as partly offset by higher revenues of $11.1 million,
- → Lower government operating funding recognized during the quarter of $5.6 million, partly offset by
- → Higher amortization of deferred capital funding $7.8 million.

Net (loss) income under IFRS for the year:

Net loss of ($13.9) million for the year, compared to a net income of $0.1 million last year, representing a decline of $14.0 million reflecting:

- → Higher operating loss $36.2 million, (attributable to higher expenses of $73.0 million, mostly due to higher depreciation, amortization and loss on disposal of $27.0 million as well as to the disruption in access and, partially offset by higher revenues of $36.8 million),
- → Lower government funding recognized during the year of $9.5 million, partly offset by
- → Higher amortization of deferred capital funding of $26.8 million.

Comprehensive income

Comprehensive income includes the remeasurement of the defined benefit component of the pension plans and other employee benefit plans composed of quarterly non-cash remeasurements resulting from changes in actuarial assumptions and the return on pension plan assets. For more details see Note 16 of the audited financial statements and notes.

4. Analysis of Financial Results (cont'd)

4.2 Revenues

	QUARTERS ENDED DECEMBER 31				YEARS ENDED DECEMBER 31			
(in millions of Canadian dollars)	**2025**	**2024**	**Var $**	**Var %**	**2025**	**2024**	**Var $**	**Var %**
Passenger revenues								
Corridor East	**90.0**	86.6	3.4	3.9%	**333.1**	317.2	15.9	5.0%
Southwestern Ontario (SWO)	**16.0**	15.7	0.3	1.9%	**56.2**	54.1	2.1	3.9%
Québec City – Windsor corridor	**106.0**	**102.3**	**3.7**	**3.6%**	**389.3**	**371.3**	**18.0**	**4.8%**
Ocean	**3.7**	3.1	0.6	19.4%	**15.7**	14.1	1.6	11.3%
Canadian	**17.6**	14.0	3.6	25.7%	**79.1**	63.0	16.1	25.6%
Regional services	**1.5**	1.4	0.1	7.1%	**5.6**	5.1	0.5	9.8%
Non-Corridor	**22.8**	**18.5**	**4.3**	**23.2%**	**100.4**	**82.2**	**18.2**	**22.1%**
Other	**2.4**	(0.8)	3.2	400.0%	**(0.3)**	(0.7)	0.4	57.1%
Total passenger revenues under IFRS	**131.2**	**120.0**	**11.2**	**9.3%**	**489.4**	**452.8**	**36.6**	**8.1%**
Other revenues	**6.8**	6.9	(0.1)	(1.4%)	**25.4**	25.2	0.2	0.8%
Total revenues under IFRS	**138.0**	**126.9**	**11.1**	**8.7%**	**514.8**	**478.0**	**36.8**	**7.7%**
Adjustment for VIA Préférence points (non-funded) and others	**(0.5)**	1.4	(1.9)	(135.7%)	**3.7**	2.2	1.5	68.2%
TOTAL FUNDED REVENUES	**137.5**	**128.3**	**9.2**	**7.2%**	**518.5**	**480.2**	**38.3**	**8.0%**

(Amounts in brackets represent decreases)

4. Analysis of Financial Results (cont'd)

4.2 Revenues (cont'd)

Passengers

	QUARTERS ENDED DECEMBER 31				YEARS ENDED DECEMBER 31			
(in thousands)	**2025**	**2024**	**Var**	**Var %**	**2025**	**2024**	**Var**	**Var %**
Passengers								
Corridor East	**864.8**	869.6	(4.8)	(0.6%)	**3,338.9**	3,334.6	4.3	0.1%
Southwestern Ontario (SWO)	**218.5**	229.7	(11.2)	(4.9%)	**839.6**	855.5	(15.9)	(1.9%)
Québec City – Windsor corridor	**1,083.3**	**1,099.3**	**(16.0)**	**(1.5%)**	**4,178.5**	**4,190.1**	**(11.6)**	**(0.3%)**
Ocean	**15.9**	16.0	(0.1)	(0.6%)	**73.3**	69.4	3.9	5.6%
Canadian	**16.2**	15.2	1.0	6.6%	**76.3**	64.1	12.2	19.0%
Regional services	**15.3**	16.0	(0.7)	(4.4%)	**67.1**	65.7	1.4	2.1%
Non-Corridor	**47.4**	**47.2**	**0.2**	**0.4%**	**216.7**	**199.2**	**17.5**	**8.8%**
TOTAL PASSENGERS	**1,130.7**	**1,146.5**	**(15.8)**	**(1.4%)**	**4,395.2**	**4,389.3**	**5.9**	**0.1%**

(Amounts in brackets represent decreases)

4. Analysis of Financial Results (cont'd)

4.2 Revenues (cont'd)

Passenger revenues

Passenger revenues rose by $11.2 million (9.3 percent) this quarter and by $36.6 million (8.1 percent) for the year.

The quarterly increase of 9.3 percent in passenger revenues is primarily due to the improvement in average revenues of 8.2 percent partly offset by a 1.4 percent decrease in ridership. For the year, the 8.1 percent rise in passenger revenues is mainly attributable to a 7.8 percent increase in average revenues as well as a 0.1 percent increase in ridership.

Québec City–Windsor corridor

Revenues increased by $3.7 million (3.6 percent) during the quarter, driven by a 5.2 percent improvement in average revenues while ridership has decreased by 1.5 percent. On a cumulative basis, revenues rose by $18.0 million (4.8 percent) for the year, largely due to a 5.1 percent improvement in average revenues while passenger ridership has decreased by 0.3 percent.

Ocean

Revenues increased by $0.6 million (19.4 percent) for the quarter compared to last year. Average revenues increased by 21.0 percent while ridership decreased by 0.6 percent. On a cumulative basis, revenues increased by $1.6 million (11.3 percent), driven by a 5.4 percent increase in average revenues and a 5.6 percent increase in ridership.

Canadian

Revenues increased by $3.6 million (25.7 percent) compared to the same quarter last year. This growth is due to a 6.6 percent increase in ridership as well as a 17.8 percent increase in average revenues. On a cumulative basis, revenues increased by $16.1 million (25.6 percent), mainly due to a 19.0 percent increase in ridership caused by partial service interruptions associated with Jasper wildfires in 2024 as well as a 5.3 percent improvement in average revenues.

Regional services

Revenues for the quarter increased by $0.1 million (7.1 percent), primarily due to a 10.6 percent rise in average revenues while ridership decreased by 4.4 percent. On a cumulative basis, revenues increased by $0.5 million (9.8 percent), primarily due to a 6.0 percent rise in average revenues as well as a 2.1 percent increase in ridership.

4. Analysis of Financial Results (cont'd)

4.3 Operating Expenses

	QUARTERS ENDED DECEMBER 31				YEARS ENDED DECEMBER 31			
(in millions of Canadian dollars)	**2025**	**2024**	**Var $**	**Var %**	**2025**	**2024**	**Var $**	**Var %**
Compensation and employee benefits	**116.9**	104.2	12.7	12.2%	**414.7**	394.4	20.3	5.1%
Train operations and fuel	**50.8**	49.3	1.5	3.0%	**203.4**	194.7	8.7	4.5%
Stations and property	**12.1**	13.9	(1.8)	(12.9%)	**53.5**	50.9	2.6	5.1%
Marketing and sales	**10.9**	10.0	0.9	9.0%	**36.3**	34.1	2.2	6.5%
Maintenance material	**12.1**	11.9	0.2	1.7%	**50.6**	43.6	7.0	16.1%
On-train product costs	**12.7**	11.8	0.9	7.6%	**51.4**	44.9	6.5	14.5%
Professional services	**8.3**	7.8	0.5	6.4%	**24.6**	18.5	6.1	33.0%
Telecommunications	**9.4**	9.2	0.2	2.2%	**38.1**	35.8	2.3	6.4%
Depreciation and amortization	**47.5**	39.8	7.7	19.3%	**176.8**	145.4	31.4	21.6%
Loss on disposal of property, plant and equipment and intangible assets	**0.5**	0.4	0.1	25.0%	**0.6**	5.0	(4.4)	(88.0%)
Unrealized net loss (net gain) on derivative financial instruments	**1.7**	(2.8)	4.5	160.7%	**2.1**	(2.4)	4.5	187.5%
Other	**10.2**	11.5	(1.3)	(11.3%)	**35.0**	49.2	(14.2)	(28.9%)
Total operating expenses under IFRS	**293.1**	**267.0**	**26.1**	**9.8%**	**1,087.1**	**1,014.1**	**73.0**	**7.2%**
Non-funded adjustments *(section 4.1)*	**(60.8)**	(38.3)	(22.5)	(58.7%)	**(192.9)**	(148.7)	(44.2)	(29.7%)
Total funded expenses	**232.3**	**228.7**	**3.6**	**1.6%**	**894.2**	**865.4**	**28.8**	**3.3%**

(Amounts in brackets represent decreases)
(Explanations are provided for expenses for which variances are $3 million or more, or 10 percent or more)

4. Analysis of Financial Results (cont'd)

4.3 Operating Expenses (cont'd)

Total operating expenses increased by $26.1 million (9.8 percent) for the quarter and by $73.0 million (7.2 percent) for the year. The primary variances are as follows:

Compensation and employee benefits

The expenses increased by $12.7 million (12.2 percent) during the quarter and by $20.3 million (5.1 percent) for the year. These increases are mainly due to higher staffing costs associated with the annual salary increases and additional operational needs as well as an additional expense of $6.1 million due to an actuarial valuation in other employee benefit plans.

Train operations and fuel

The expenses increased by $1.5 million (3.0 percent) during the quarter and by $8.7 million (4.5 percent) for the year. These increases are mostly due to the disruptions in access.

Maintenance material

The expenses rose by $0.2 million (1.7 percent) compared to the last quarter and by $7.0 million (16.1 percent) for the year. The increases are attributable to additional maintenance work resulting from higher equipment utilization, mainly driven by the greater number of Venture trainsets in service in the Corridor, as well as to the additional repairs required on the aging non-Corridor fleet.

On-train product costs

The expenses increased by $0.9 million (7.6 percent) for the quarter and by $6.5 million (14.5 percent) for the year. The increases are primarily due to higher ridership in Business and Sleeper classes and higher prices reflecting current inflation rates. In addition, part of the increase is linked to purchases related to the new Venture fleet.

Professional services

The expenses increased by $0.5 million (6.4 percent) during the quarter and by $6.1 million (33.0 percent) for the year. This increase reflects higher legal fees, mostly due to the disruptions in access.

4. Analysis of Financial Results (cont'd)

4.3 Operating Expenses (cont'd)

Unrealized net loss (net gain) on derivative financial instruments

There was a net loss of $1.7 million for the quarter and of $2.1 million for the year, compared to a net gain of $2.8 million for the quarter and net gain of $2.4 million for the year ended December 31, 2024. These net losses reflect the fact that contract prices are higher than market fuel prices.

Other expenses

The expenses decreased by $1.3 million (11.3 percent) for the quarter and by $14.2 million (28.9 percent) for the year. The decrease for both the quarter and the year compared to 2024 was above average in terms of non-recurring items and a favourable insurance settlement occurred in 2025.

4. Analysis of Financial Results (cont'd)

4.4 Financial Position

(in millions of Canadian dollars)	December 31, 2025	December 31, 2024	Var $	Var %
ASSETS				
Current assets	**169.3**	247.9	(78.6)	(31.7%)
Advances on contracts and other assets	**20.3**	28.6	(8.3)	(29.0%)
Property, plant and equipment	**2,371.5**	2,162.8	208.7	9.6%
Intangible assets	**415.5**	422.2	(6.7)	(1.6%)
Right-of-use assets	**88.6**	89.6	(1.0)	(1.1%)
Employee benefit assets	**592.1**	468.4	123.7	26.4%
Total Assets	**3,657.3**	**3,419.5**	**237.8**	**7.0%**
LIABILITIES				
Current liabilities	**283.9**	321.9	(38.0)	(11.8%)
Other payables	**58.5**	81.4	(22.9)	(28.1%)
Deferred income tax	**94.5**	69.0	25.5	37.0%
Lease liabilities	**94.8**	95.9	(1.1)	(1.1%)
Employee benefit liabilities	**36.6**	32.1	4.5	14.0%
Total Liabilities	**568.3**	**600.3**	**(32.0)**	**(5.3%)**
Deferred capital funding	**2,704.8**	2,518.2	186.6	7.4%
Share capital	**9.3**	9.3	–	0.0%
Accumulated surplus, beginning of period	**291.7**	185.1	106.6	57.6%
Net (loss) income	**(13.9)**	0.1	(14.0)	(14000.0%)
Other comprehensive income	**97.1**	106.5	(9.4)	(8.8%)
Accumulated surplus, end of period	**374.9**	**291.7**	**83.2**	**28.5%**
Total Liabilities and Shareholder's equity	**3,657.3**	**3,419.5**	**237.8**	**7.0%**

(Amounts in brackets represent decreases)

(Explanations are provided for variances of $3 million or more, or 10 percent or more)

4. Analysis of Financial Results (cont'd)

4.4 Financial Position (cont'd)

The main changes in the Statement of Financial Position result from the following major elements:

Assets

- → Total assets have increased by $237.8 million due mainly to an increase in property, plant and equipment of $208.7 million as the 32 trainsets of the Corridor Fleet Replacement Project have been delivered.
- → Employee benefit assets have increased by $123.7 million resulting from an increase in discount rate offset by a decrease in return on assets.
- → Current assets have decreased by $78.6 million, mainly from a decrease of $38.0 million in receivables from the Government of Canada.

Liabilities and deferred capital funding

- → Total liabilities have decreased by $32.0 million mainly due to a decrease in current liabilities.
- → Deferred income tax increased by $25.5 million due to the increase in employee benefit assets, partly offset by a decrease in other payables of $22.9 million due to the payment of holdbacks on contracts.
- → Deferred capital funding has increased by $186.6 million due to capital investments mostly due to the Corridor Fleet Replacement Project.

Comprehensive income

Other comprehensive income decreased mainly due to an increase in the discount rate as well as a decrease in return on assets affecting employee benefit assets and liabilities lower than last year.

4. Analysis of Financial Results (cont'd)

4.5 Liquidity, Cash Flows and Capital Investments

Liquidity and cash flows

	QUARTERS ENDED DECEMBER 31				YEARS ENDED DECEMBER 31			
(in millions of Canadian dollars)	**2025**	2024	Var $	Var %	**2025**	2024	Var $	Var %
Balance, beginning of period	**71.9**	15.5	56.4	363.9%	**64.1**	22.8	41.3	181.1%
Net cash provided by (used in) operating activities	**1.7**	(34.6)	36.3	104.9%	**57.0**	(23.2)	80.2	345.7%
Net cash (used in) provided by investing activities	**(37.9)**	84.0	(121.9)	(145.1%)	**(82.6)**	68.0	(150.6)	(221.5%)
Net cash used in financing activities	**(0.9)**	(0.8)	(0.1)	(12.5%)	**(3.7)**	(3.5)	(0.2)	(5.7%)
Balance, end of period	**34.8**	**64.1**	**(29.3)**	**(45.7%)**	**34.8**	**64.1**	**(29.3)**	**(45.7%)**

(Amounts in brackets represent decreases)

Operating activities

Net cash increased by $36.3 million (104.9 percent) for the quarter and by $80.2 million (345.7 percent) for the year. The variances are mainly due to the change in working capital items ($3.6 million for the quarter and $91.3 million for the year) as shown in Note 20 of the audited financial statements.

Investing activities

Net cash decreased by $121.9 million (145.1 percent) for the quarter and by $150.6 million (221.5 percent) for the year. The variances are mainly due to the timing of the amounts received from the government during the quarter of the year compared to the amounts paid for the acquisition of property, plant and equipment and intangible assets.

4. Analysis of Financial Results (cont'd)

4.5 Liquidity, Cash Flows and Capital Investments (cont'd)

Funded capital investments

Property, plant and equipment and intangible assets totalled $2,787.0 million at December 31, 2025, which is an increase of $202.0 million compared to the balance as at December 31, 2024.

Funded capital investments of $357.3 million were made during the year.

	QUARTERS ENDED DECEMBER 31				YEARS ENDED DECEMBER 31			
(in millions of Canadian dollars)	**2025**	**2024**	**Var $**	**Var %**	**2025**	**2024**	**Var $**	**Var %**
Equipment	**6.8**	(1.6)	8.4	525.0%	**27.3**	22.7	4.6	20.3%
Infrastructure	**(9.8)**	13.1	(22.9)	(174.8%)	**16.1**	47.3	(31.2)	(66.0%)
Maintenance	**7.2**	15.2	(8.0)	(52.6%)	**17.6**	58.7	(41.1)	(70.0%)
Information technology	**8.9**	5.8	3.1	53.4%	**27.7**	21.5	6.2	28.8%
Stations	**12.3**	15.0	(2.7)	(18.0%)	**43.6**	42.2	1.4	3.3%
Corridor Fleet Replacement Program	**34.6**	68.7	(34.1)	(49.6%)	**213.5**	314.0	(100.5)	(32.0%)
Non-Corridor Investment Plan	**2.8**	–	2.8	n/a	**9.7**	–	9.7	n/a
Other	**0.4**	11.2	(10.8)	(96.4%)	**1.8**	17.7	(15.9)	(89.8%)
Total capital investments	**63.2**	**127.4**	**(64.2)**	**(50.4%)**	**357.3**	**524.1**	**(166.8)**	**(31.8%)**
Advance on contract – Non-Corridor Investment Plan	**–**	3.0	(3.0)	(100.0%)	**2.5**	3.0	(0.5)	(16.7%)
Total	**63.2**	**130.4**	**(67.2)**	**(51.5%)**	**359.8**	**527.1**	**(167.3)**	**(31.7%)**

(Amounts in brackets represent decreases)

The most significant investments made during the quarter and the year were in the Corridor Fleet Replacement Program, in Equipment projects including the HEP (head-end power) long and non-Corridor equipment rebuild program and in infrastructure projects (for track and bridge improvements).

5. Results compared to the 2025-2029 Corporate Plan

The Corporate Plan provides information on funded activities, therefore comparisons between actual and planned results are based on funded activities.

The Corporation continues to work towards achieving the goals and strategies identified in its Corporate Plan. The financial results of the quarter were in line with corporate plan assumptions and forecasts.

In terms of capital expenditures, although investments for the quarter were below planned expenditures, work progressed on the major strategic projects identified in the plan such as the Corridor Fleet Replacement Program, the HEP equipment rebuild programs, and in the infrastructure projects.

Government funding relating to operating expenses

(in millions of Canadian dollars)	December 31, 2025	December 31, 2024
Balance, beginning of the period (January 1)	**119.5**	80.6
Received to fund operating expenses	**(433.2)**	(346.3)
Recognized in financial results	**375.7**	385.2
Balance, end of the period	**62.0**	119.5

Government funding relating to capital expenditures

(in millions of Canadian dollars)	December 31, 2025	December 31, 2024
Balance, beginning of the period (January 1)	**(2.3)**	81.3
Received to fund the acquisition of property, plant and equipment and intangible assets (including the cost of land)	**(340.3)**	(610.7)
Used to fund capital expenditures and an advance on contract	**359.8**	527.1
Balance, end of the period	**17.2**	(2.3)

5. Results compared to the 2025-2029 Corporate Plan (cont'd)

Parliamentary appropriations

The Corporation receives its funding from the Government of Canada based on the Government's fiscal year which begins April 1 and ends March 31. Thus, parliamentary appropriations for operating expenses and capital expenditures are based on the Government's fiscal year.

Parliamentary appropriation for operating expenses

	For the twelve-month period ending March 31, 2026	For the twelve-month period ending March 31, 2025
Original parliamentary appropriation	**383.9**	302.7
Supplementary parliamentary appropriation	**63.7**	132.3
Revised annual parliamentary appropriation	**447.6**	435.0
Appropriation recognized for the three months ended:		
June 30	**93.9**	77.9
September 30	**74.3**	80.2
December 31	**94.8**	100.4
Total appropriation recognized for the period	**263.0**	258.5
Appropriation available for remainder of the government fiscal year	**184.6**	176.5

5. Results compared to the 2025-2029 Corporate Plan (cont'd)

Parliamentary appropriation for capital expenditures

	For the twelve-month period ending March 31, 2026	For the twelve-month period ending March 31, 2025
Original parliamentary appropriation	**953.9**	856.7
Supplementary parliamentary appropriation	**880.9**	694.2
Revised annual parliamentary appropriation	**1,834.8**	1,550.9
Appropriation recognized for the three months ended:		
June 30	**114.2**	128.3
September 30	**104.8**	171.1
December 31	**63.2**	127.3
Total appropriation recognized for the period	**282.2**	426.7
Appropriation available for remainder of the government fiscal year	**1,552.6**	1,124.2

6. Risk Analysis

This section highlights the Corporation's key risks which may have potential impact on the Corporation's financial results and provides information on risks for which the trend or status has changed compared to the status as at December 31, 2024.

As at the quarter ended December 31, 2025, the trend changed for the following risks:

Nature of Risk	Trend	Current Situation
Financial Sustainability		
The Corporation has limited powers as a non-agent Crown Corporation and is dependent on annual government budgetary allocations to fund its operations, capital and pension obligations. Government funding constitutes a risk in the efficient delivery of the Corporation's services, as well as in the planning and execution of its medium-to-long-term strategies.	↓	The Corporation has been faced with increasing costs since 2023 due to the high inflation, particularly in compensation costs but also in fuel, maintenance materials, on-train product costs and third-party access costs. The Corporation received additional operational funding from the Government of Canada as part of the 2024 Federal Budget and will have sufficient funding for the years 2024 and 2025. The Corporation continues to work closely with Transport Canada to ensure long-term funding stability beyond 2025.

↑ Increasing → Stable ↓ Decreasing

6. Risk Analysis (cont'd)

Nature of Risk	Trend	Current Situation
Service Offering		
The Corporation's inability to meet travel market needs through existing and future services could hinder its capacity to meet the revenue plan and can cause the funding to be insufficient and lead to cost/service reductions. Current service offering challenges include: → Deteriorating economic environment (risk of recession, inflation, US-CA tariff) → Infrastructure access challenges (freight congestion, speed restrictions imposed by host railway and other speed issues, blockades) → Reduced capacity due to aging fleet → Maintaining service levels and on-time performance due to recent restrictions → Reliability of the new Venture fleet → Extreme weather conditions → Operation performance	↑	The Corporation will continue to face capacity issues until the new Corridor fleet is fully in service and reliable. Furthermore, the uncertainty related to potential recessions with the recent imposition of tariffs as well as restrictions imposed by host railway partner could hinder the Corporation's ability to achieve its revenue plan and require additional containment measures to compensate for lost revenues.

↑ Increasing → Stable ↓ Decreasing

6. Risk Analysis (cont'd)

Nature of Risk	Trend	Current Situation
Asset Management		
Most of the Corporation's rolling stock equipment, used for non-Corridor services, has essentially reached the end of its operating life. Its reliability has deteriorated in the past few years, resulting in delays and additional operating costs to maintain a state of good repair. Increased maintenance costs and reduced availability of equipment in upcoming years are to be expected until a replacement fleet is introduced.	↑	In Budget 2024, the Government of Canada confirmed its commitment to replace the Heritage Fleet and Treasury Board of Canada confirmed, on October 10, 2024, that new funding is approved in order to replace our long-distance, regional and remote rail fleet. As the procurement process begins, the Corporation maintenance teams will continue to ensure that the existing fleet operates safely and effectively. The Corporation is running an aging fleet, for which the average age of the cars is 77 years, requiring more inspections and repairs. Substantial investment will therefore be required to keep as much equipment in operating conditions until it is replaced by a new fleet. However, the Corporation could still be forced to prematurely retire some of its fleet, as a result of which service revenues and costs will be negatively impacted in the future. The Corporation manages an aging real estate infrastructure with a historical maintenance deficit of $450 million that will need to be addressed urgently since it could pose risks impacting safety, service offering and customer experience.
Operational Security and Safety		
Events such as collisions, derailments and pedestrian accidents may negatively impact passenger and employee safety and the corporation's reputation. Such events and new regulations on grade crossings may also result in significant non-budgeted costs for the Corporation.	→	The Corporation, through its enhanced Safety Management System (SMS), applies operational procedures and controls which ensure compliance with railway safety requirements. The Corporation also completes regular inspections of its equipment, stations and infrastructure. These activities are carried on managing and mitigate the safety risks of our railway operations, as well as the potential significant unexpected costs which may result from the Corporation's operations. With regards to the new regulatory requirements on grade crossings issued by Transport Canada, the effective date at which work must be completed has been extended beyond the original implementation date of November 27, 2021. In 2025, this issue created important impacts to the operations and the business performance which were finally mitigated and normalized with negotiated speed tables.

↑ Increasing → Stable ↓ Decreasing

6. Risk Analysis (cont'd)

Nature of Risk	Trend	Current Situation
Access to Third-Party Assets		
The services provided by host railways have been deteriorating during the past few years, resulting in declining on-time performance, which resulted in increased operating costs, and which could lead to lower customer satisfaction and revenue generation.	↑	On-time performance has deteriorated since the beginning of the year, down to 35 percent for the year. The deterioration was seen across all the network, including the Corridor. Poor on-time performance and associated delays could have a negative impact on customer satisfaction and ridership and could hinder the Corporation's efforts to bring passengers back on the trains. Management is working with infrastructure owners to address the situation and improve on-time performance. Also, internal initiatives underway to improve governance around our host railways relationship.
Use of Technology and Cybersecurity		
As part of regular business operations, the Corporation collects, processes and stores sensitive data, including personal information of passengers, employees and information of business partners. Any technology system failure, degradation, interruption or misuse, security breach, inefficient migration to a new system, or failure to comply with applicable data confidentiality, privacy, security or other related obligations, could adversely affect the Corporation's reputation. It could also expose the Corporation to litigation, claims for contract breach, fines, sanctions or remediation costs or otherwise materially and adversely affect its operations. Any of the previous could have a material adverse effect on the Corporation, its business, results from operations and financial conditions.	→	The Corporation relies heavily on technology to operate its business, including to increase its revenues and reduce its costs. Technology systems are at risk of cybersecurity incidents, and it is generally viewed that cyber-attacks have increased and will continue to increase in both occurrence and complexity. The Corporation invests in security initiatives such as employee awareness training, phishing campaigns and third-party assessment of controls as well as in disaster recovery plans.

↑ Increasing → Stable ↓ Decreasing

6. Risk Analysis (cont'd)

Nature of Risk	Trend	Current Situation
Talent Management		
The Corporation's workforce is mature and many employees could retire in the next few years, including some with specific technical skills. Furthermore, the employment market has been increasingly competitive. Without proper succession planning and strategies to attract and retain employees, key knowledge and competencies could be lost. The situation could result in loss of productivity, delays to the delivery of major programs and increased costs.	→	The Corporation has put in place an apprenticeship program for skilled technical positions and ensure successful transfer of knowledge, and the Corporation has continued its locomotive engineer training program to have a sufficient workforce given potential upcoming retirements and is currently recruiting for additional classes. Competitive compensation to attract specialized personnel is limited by Treasury Board budget assignments which limits manageability.

↑ Increasing → Stable ↓ Decreasing

6. Risk Analysis (cont'd)

Nature of Risk	Trend	Current Situation
Climate Change		
The Corporation is subject to climate change-related risks. Climate-related physical risks like the rise in extreme weather events or increase of weather variability could delay or interrupt operations and services and negatively impacting the Corporation's on-time performance, schedules, revenue generation and could increase operating costs. Also, transition risks that arise from the transition to a low-carbon economy such as changes in environmental regulations, including increased carbon pricing or new regulations prescribing increased efficiency, could increase the Corporation's operating costs or investment in more fuel-efficient rolling stock.	↑	The Corporation deployed a five-year sustainability plan based on environmental, social and governance priorities that will help reduce its environmental footprint, enhance its role as a responsible transportation provider and create lasting value for present and future generations. Related to the plan's Climate Action priority, the Corporation is working on three strategies: 1. Enhancing greenhouse gas (GHG) emissions reduction targets to support Canada's 2050 net zero emissions ambition. 2. Improving fuel and energy efficiency in all operations. 3. Reviewing climate change risks and implementing a suitable action plan. In 2025, the Corporation progressed on further identifying, understanding and managing climate risks and opportunities, through: 1. Undertaking a climate scenario analysis looking at two scenarios (high emissions and low emissions) and time horizons to further refine understanding of main climate risks and opportunities and their potential impact on the Corporation. 2. Delivering a climate change awareness session to key leaders. 3. Consolidating business responses to map out how is prepared to face climate risks and opportunities. 4. Integrating material categories of scope 3 GHG emissions (all other emissions inventory, following the identification and quantification work completed in 2022. The Corporation also finalized its detailed decarbonization plan which identifies short, medium and long-term initiatives, as well as major operational, financial and technological challenges in decarbonizing our operations.

↑ Increasing → Stable ↓ Decreasing

6. Risk Analysis (cont'd)

Nature of Risk	Trend	Current Situation
Environment		
Due to the nature of its operations, the Corporation has moral and legal obligations to protect the environment from negative effects caused by its activities. That includes, management of petroleum products and chemicals, pollution, waste management. Environmental events can cause significant damage to ecosystems and surrounding areas, potentially affecting communities, the public and the Corporation's reputation.	↑	During the calendar year of 2025, the Corporation is currently working to identify and map the critical infrastructure source of these types of events, with focus of petroleum products, given its aging and obsolescence, as well as the reinforcement of the declaration of spills, spill management and governance. Also, capital initiatives have been targeted for prioritization.

↑ Increasing → Stable ↓ Decreasing

7. Outlook

Results for the year improved compared to the corresponding previous year in terms of revenues while the operating loss has deteriorated due to an increase in operating expenses, mostly due to the disruptions in access.

Communications continue with third-party infrastructure owners to improve on-time performance and protect the Corporation's operations on their network. The Corporation is facing disruptions in access and on-time performance (35 percent in 2025 compared to 51 percent in 2024), which is affecting the Corporation's performance and has a significant impact on our operations, including a decrease in ridership.

In the meantime, initiatives are being implemented to streamline processes and minimize operating costs as part of the Corporation's continuous improvement journey. In addition, strategic projects such as the Corridor Fleet Replacement Program have reached important milestones with the introduction of all train sets while the Corporation is working to make them fully operational. The Corporation is launching a reliability program designed to complement the scope of the Heritage Fleet Modernization program. These investments will improve the reliability of the Heritage Fleet but cannot guarantee the availability of the entire fleet until the arrival of the new trains.

We are proud to support the federal initiative offering discounted travel fares for families and young people, and we are pleased to confirm that this program will be renewed for next summer. Building on the strong success of last summer's program, this continued effort encourages Canadians to explore our beautiful country. By making travel more accessible, the initiative fosters national unity, stimulates the economy, and celebrates the diverse landscapes and cultures that make Canada truly unique.

The Corporation is actively engaged in initiatives aligned with the Government of Canada's objective to review federal spending in response to the new federal budget requirements. As part of a comprehensive expense reduction strategy, these efforts aim to identify areas of inefficiency and reallocate resources to improve service delivery and operational effectiveness.

Olivia Pelley
On-train services for the Ocean

Caroline Boucher
Pre-insperctor, Railway car technician at the Montréal Maintenance Centre

Financial Statements

For the year ended December 31, 2025

Management's Responsibility Statement

Year ended December 31, 2025

Management of the Corporation is responsible for the preparation and fair presentation of the financial statements contained in the Annual Report. These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS Accounting Standards) as issued by the International Accounting Standards Board (IASB) and necessarily include certain amounts that are based on management's best estimates and judgement. Financial information contained throughout the Annual Report is consistent with that in the financial statements. Management considers that the financial statements present fairly the financial position of the Corporation and its financial performance and its cash flows.

To fulfil its responsibility, the Corporation maintains systems of internal controls, policies and procedures to ensure the reliability of financial information and the safeguarding of assets. Transactions are properly authorized and are in accordance with the relevant legislation, by-laws of the Corporation and Government directives; resources are managed efficiently and economically; and operations are carried out effectively.

The Board of Directors is responsible for ensuring that Management fulfils its responsibilities for financial reporting and internal control. The Board exercises its responsibilities through the Audit & Risk Committee of the Board of Directors, consisting of five independent Directors who are independent in accordance with the Corporation's standards of independence, meets periodically with the internal auditors Deloitte and external auditors and with management, to review the scope of their audits and to assess reports on audit work performed. It is responsible for reviewing the financial statements and annual report.

The Board of Directors, on the recommendation of the Audit & Risk Committee, approved the financial statements.

The external auditor, the Auditor General of Canada, has audited the Corporation's financial statements for the year ended December 31, 2025, and her report indicates the scope of her audit and her opinion on the financial statements.

MATHIEU PAQUETTE
Interim President and
Chief Executive Officer

CARL DELISLE, CPA
Chief Financial and
Technology Officer

Montréal, Canada
March 26, 2026

Office of the Auditor General of Canada

Bureau du vérificateur général du Canada

INDEPENDENT AUDITOR'S REPORT

To the Minister of Transport

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of VIA Rail Canada Inc., which comprise the statement of financial position as at 31 December 2025, and the statement of comprehensive income, statement of changes in shareholder's equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of VIA Rail Canada Inc. as at 31 December 2025, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of VIA Rail Canada Inc. in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as issued by the IASB, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing VIA Rail Canada Inc.'s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate VIA Rail Canada Inc. or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing VIA Rail Canada Inc.'s financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of VIA Rail Canada Inc.'s internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on VIA Rail Canada Inc.'s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause VIA Rail Canada Inc. to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Compliance with Specified Authorities

Opinion

In conjunction with the audit of the financial statements, we have audited transactions of VIA Rail Canada Inc. coming to our notice for compliance with specified authorities. The specified authorities against which compliance was audited are Part X of the *Financial Administration Act* and regulations, the *Canada Business Corporations Act* and regulations, the articles and by-laws of VIA Rail Canada Inc., and the directives issued pursuant to section 89 of the *Financial Administration Act*.

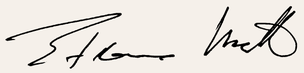
In our opinion, the transactions of VIA Rail Canada Inc. that came to our notice during the audit of the financial statements have complied, in all material respects, with the specified authorities referred to above. Further, as required by the *Financial Administration Act*, we report that, in our opinion, the accounting principles in IFRS Accounting Standards as issued by the IASB have been applied on a basis consistent with that of the preceding year.

Responsibilities of Management for Compliance with Specified Authorities

Management is responsible for VIA Rail Canada Inc.'s compliance with the specified authorities named above, and for such internal control as management determines is necessary to enable VIA Rail Canada Inc. to comply with the specified authorities.

Auditor's Responsibilities for the Audit of Compliance with Specified Authorities

Our audit responsibilities include planning and performing procedures to provide an audit opinion and reporting on whether the transactions coming to our notice during the audit of the financial statements are in compliance with the specified authorities referred to above.



Etienne Matte, CPA auditor
Principal
for the Auditor General of Canada

Montréal, Canada
26 March 2026

Statement of Financial Position

AS AT DECEMBER 31 (in thousands of Canadian dollars)	2025	2024
CURRENT ASSETS		
Cash	**$ 34,819**	$ 64,060
Trade and other receivables *(Note 6)*	**98,805**	142,276
Other assets	**9,653**	12,276
Materials *(Note 7)*	**26,042**	29,316
	169,319	247,928
NON-CURRENT ASSETS		
Advances on contracts and other assets *(Note 8)*	**20,270**	28,640
Property, plant and equipment *(Note 9)*	**2,371,465**	2,162,786
Intangible assets *(Note 10)*	**415,479**	422,217
Right-of-use assets *(Note 12)*	**88,614**	89,559
Employee benefit assets *(Note 16)*	**592,135**	468,408
	3,487,963	3,171,610
Total Assets	**$ 3,657,282**	$ 3,419,538

Statement of Financial Position

(cont'd)

AS AT DECEMBER 31 (in thousands of Canadian dollars)	2025	2024
CURRENT LIABILITIES		
Trade and other payables *(Note 11)*	$ 205,797	$ 255,464
Lease liabilities *(Note 12)*	3,786	3,352
Provisions *(Note 13)*	6,581	6,015
Deferred revenues and other liabilities *(Note 14)*	67,869	57,190
	284,033	322,021
NON-CURRENT LIABILITIES		
Other payables *(Note 15)*	58,480	81,357
Deferred income tax *(Note 17)*	94,488	69,009
Lease liabilities *(Note 12)*	94,771	95,915
Employee benefit liabilities *(Note 16)*	36,594	32,144
	284,333	278,425
Deferred capital funding *(Note 18)*	2,704,772	2,518,156
SHAREHOLDER'S EQUITY		
Share capital *(Note 19)*	9,300	9,300
Accumulated surplus	374,844	291,636
	384,144	300,936
Total Liabilities and Shareholder's equity	$ 3,657,282	$ 3,419,538

Contingencies and Commitments (Notes 13 and 22, respectively)

The accompanying notes are an integral part of these financial statements.

Approved on behalf of the Board,

JONATHAN GOLDBLOOM
Chairperson of the Board of Directors

MATHIEU PAQUETTE
Interim President and Chief Executive Officer

Statement of Comprehensive Income

YEAR ENDED DECEMBER 31 (in thousands of Canadian dollars)	2025	2024
REVENUES		
Passenger	$ 489,426	$ 452,735
Other	25,384	25,248
	514,810	477,983
EXPENSES		
Compensation and employee benefits	414,672	394,415
Train operations and fuel	203,392	194,651
Stations and property	53,487	50,905
Marketing and sales	36,320	34,115
Maintenance material	50,607	43,558
On-train product costs	51,410	44,938
Professional services	24,644	18,510
Telecommunications	38,142	35,765
Depreciation of property, plant and equipment *(Note 9)*	141,029	114,077
Amortization of intangible assets *(Note 10)*	31,798	27,483
Depreciation of right-of-use assets *(Note 12)*	3,943	3,800
Loss on disposal of property, plant and equipment and intangible assets *(Notes 9 and 10)*	645	4,994
Unrealized net loss (net gain) on derivative financial instruments	2,143	(2,364)
Realized (net gain) net loss on derivative financial instruments	(755)	868
Interest expense on lease liabilities	3,028	2,905
Other	32,571	45,525
	$ 1,087,076	$ 1,014,145

The accompanying notes are an integral part of these financial statements.

Statement of Comprehensive Income

(cont'd)

YEAR ENDED DECEMBER 31 (in thousands of Canadian dollars)		**2025**		**2024**
OPERATING LOSS BEFORE FUNDING FROM THE GOVERNMENT OF CANADA AND INCOME TAXES	**$**	**(572,266)**	$	(536,162)
Operating funding from the Government of Canada		**375,692**		385,235
Amortization of deferred capital funding *(Note 18)*		**173,136**		146,272
Net loss before income taxes		**(23,438)**		(4,655)
Income tax recovery *(Note 17)*		**9,600**		4,707
NET (LOSS) INCOME FOR THE YEAR		**(13,838)**		52
Other comprehensive income				
Amounts not to be reclassified subsequently to net income:				
Remeasurements of the defined benefit component of the pension plans and other employee benefit plans *(Note 16)*		**132,125**		144,990
Income tax expense *(Note 17)*		**(35,079)**		(38,471)
		97,046		106,519
COMPREHENSIVE INCOME FOR THE YEAR	**$**	**83,208**	$	106,571

The accompanying notes are an integral part of these financial statements.

Statement of Changes in Shareholder's Equity

YEAR ENDED DECEMBER 31 (in thousands of Canadian dollars)	2025	2024
SHARE CAPITAL	**$ 9,300**	$ 9,300
Accumulated surplus		
Balance, beginning of year	**291,636**	185,065
Net (loss) income for the year	**(13,838)**	52
Other comprehensive income for the year	**97,046**	106,519
Balance, end of year	**374,844**	291,636
Total Shareholder's equity	**$ 384,144**	$ 300,936

The accompanying notes are an integral part of these financial statements.

Statement of Cash Flows

YEAR ENDED DECEMBER 31 (in thousands of Canadian dollars)		**2025**		**2024**
OPERATING ACTIVITIES				
Net (loss) income for the year	**$**	**(13,838)**	$	52
Adjustments to determine net cash provided by (used in) operating activities:				
Depreciation and amortization *(Notes 9, 10 and 12)*		**176,770**		145,360
Loss on disposal of property, plant and equipment and intangible assets *(Notes 9 and 10)*		**645**		4,994
Other payables variations		**(40)**		(301)
Advances on contracts variations		**1,118**		262
Amortization of deferred capital funding *(Note 18)*		**(173,136)**		(146,272)
Interest expense on lease liabilities		**3,028**		2,905
Income tax recovery		**(9,600)**		(4,707)
Interest income		**(2,784)**		(4,973)
Unrealized net loss (net gain) on derivative financial instruments		**2,143**		(2,364)
Post-employment and other employee benefit expenses *(Note 16)*		**15,040**		15,776
Employer post-employment and other employee benefit contributions *(Note 16)*		**(6,375)**		(5,703)
Defined benefit surplus utilized to fund the employer contributions *(Note 16)*		**4,183**		2,993
Net change in working capital items *(Note 20)*		**62,957**		(28,299)
Interest paid		**(3,028)**		(2,905)
Net cash provided by (used in) operating activities	**$**	**57,083**	$	(23,182)

Statement of Cash Flows

(cont'd)

YEAR ENDED DECEMBER 31 (in thousands of Canadian dollars)	2025	2024
INVESTING ACTIVITIES		
Government funding received related to acquisition of property, plant and equipment and intangible assets *(Note 20)*	**$ 337,841**	$ 607,664
Government funding received related to an advance on contract *(Note 18)*	**2,500**	3,000
Acquisition of property, plant and equipment and intangible assets *(Notes 9, 10, 11 and 20)*	**(420,487)**	(547,608)
Payment of an advance on contract	**(5,500)**	–
Interest received	**3,016**	4,838
Proceeds from the disposal of property, plant and equipment and intangible assets	**14**	–
Net cash (used in) provided by investing activities	**(82,616)**	67,894
FINANCING ACTIVITIES		
Payment of the lease liabilities	**(3,708)**	(3,478)
Net cash (used in) financing activities	**(3,708)**	(3,478)
CASH		
(Decrease) increase during the year	**(29,241)**	41,234
Balance, beginning of year	**64,060**	22,826
Balance, end of year	**$ 34,819**	$ 64,060
REPRESENTED BY:		
Cash	**$ 34,819**	$ 64,060
	$ 34,819	$ 64,060

The accompanying notes are an integral part of these financial statements.

Notes to the Financial Statements

Year ended December 31

1. Authority, Objectives and General Information

VIA Rail Canada Inc. is a Crown corporation named in Part I of Schedule III to the *Financial Administration Act* and is not an agent of His Majesty. The Corporation was incorporated in 1977 in Canada, under the *Canada Business Corporations Act*. The Corporation is subject to the provisions of *Income Tax Act*. The corporate headquarters is located at 3 Place Ville-Marie, Montréal (Québec). The Corporation's vision is to be a smarter way to move people with a mission to place passengers at the core of everything we do and strive to offer a safe, smart and valued travel experience across Canada. The Corporation uses the roadway infrastructure of other railway companies and relies on them to control train operations. The Corporation has one operating segment, passenger transportation and related services in Canada. The Corporation's activities are considered seasonal since passenger traffic increases significantly during the summer and holiday periods resulting in an increase in revenue for these same periods.

The Corporation is subject to a directive (P.C. 2013-1354) that was issued on December 9, 2013, and a related subsequent directive (P.C. 2016-443) that was issued on June 3, 2016, pursuant to sections 89.8 and 89.9 of the *Financial Administration Act*. As per these directives, the Corporation must obtain Treasury Board approval on the terms and conditions of employment of its non-unionized employees who are not appointed by Governor in Council. The Corporation confirms that the requirements of these directives have been met.

In July 2015, the Corporation was issued a directive (P.C. 2015-1114) pursuant to section 89(1) of the *Financial Administration Act* to align its travel, hospitality, conference and event expenditure policies, guidelines and practices with Treasury Board policies, directives and related instruments on travel, hospitality, conference and event expenditures in a manner that is consistent with its legal obligations and to report on the implementation of this directive in the Corporation's next corporate plan. The Corporation confirms that the requirements of the directive have been met.

1. Authority, Objectives and General Information (cont'd)

In March 2022, the Corporation was issued a directive (P.C. 2022-0259) pursuant to section 89 of the *Financial Administration Act* to:

a) procure the incorporation under the *Canada Business Corporations Act* of a wholly owned subsidiary, the mandate of which is to develop and implement the High Frequency Rail project, including the design, construction, financing, operation and maintenance of passenger rail services in Ontario and Québec through one or more agreements with the private sector, in cooperation with the Minister of Transport;

b) provide all necessary support, expertise, and cooperation to the subsidiary to facilitate the subsidiary's role and fulfilment of its mandate; and

c) provide all necessary support, expertise, and cooperation to the Minister of Transport to facilitate the Minister's role in the development and implementation of the High Frequency Rail project.

The Corporation has incorporated the subsidiary, named VIA HFR – VIA TGF Inc. on November 29, 2022, and confirms that the Corporation will continue to implement the requirements of the directive. On June 20, 2024, Bill C-69, *An Act to implement certain provisions of the budget tabled in Parliament on April 16, 2024*, received royal assent. As a result, the subsidiary (VIA HFR – VIA TGF Inc.) became an agent of His Majesty in right of Canada, with retroactive effect to November 29, 2022, the date of its incorporation. A Crown corporation that has agent status enjoys the constitutional immunities, privileges and prerogatives that are enjoyed by the Crown and can bind the Crown by its acts.

These financial statements were approved and authorized for issue by the Board of Directors on March 26, 2026.

The Corporation has received the additional funding from the Government of Canada and has the adequate resources to operate for the foreseeable future. Management continues to adopt the going concern basis of accounting in preparing the financial statements.

2. Basis of Preparation

a) Statement of compliance

The Corporation's financial statements have been prepared in accordance with the IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

b) Basis of measurement

The financial statements have been prepared on the historical cost basis except when a specific IFRS Accounting Standards requires fair values measurement as explained in the accounting policies below.

c) Functional and presentation currency

These financial statements are presented in Canadian dollars, which is the Corporation's functional currency. All financial information presented in Canadian dollars has been rounded to the nearest thousand in the Corporation's financial statements, and to the nearest million in the notes to the financial statements.

3. Changes in the Current Year

New and revised IFRS Accounting Standards in issue but not yet effective

IFRS 18 *Presentation and Disclosures in Financial Statements*

IFRS 18 replaces IAS 1 *Presentation of Financial Statements*, carrying forward many of the requirements in IAS 1 unchanged and complementing them with new requirements. In addition, some paragraphs from IAS 1 have been moved to IAS 8 *Accounting Policies, Changes in Accounting estimates and Errors* and IFRS 7 *Financial Instruments: Disclosures*. Furthermore, the IASB has made minor amendments to IAS 7 *Statements of Cash Flows*.

IFRS 18 introduces new requirements to:

- present specified categories and defined subtotals in the statement of profit or loss
- provide disclosures on management-defined performance measures (MPMs) in the notes to the financial statements
- improve aggregation and disaggregation.

An entity is required to apply IFRS 18 for annual reporting periods beginning on or after 1 January 2027, with earlier application permitted. The amendments to IAS 7, as well as the revised IAS 8 and IFRS 7, become effective when an entity applies IFRS 18. IFRS 18 requires retrospective application with specific transition provisions.

The Corporation is currently assessing the impact that IFRS 18 and its consequential amendments will have on its primary financial statements and notes to the financial statements. The Corporation anticipates that the application of this new IFRS accounting standard and its consequential amendments will have an impact on its financial statements in future periods.

3. Changes in the Current Year (cont'd)

Amendments to the classification and measurement of financial instruments (Amendments to IFRS 9 and IFRS 7)

The amendments permit an entity to deem a financial liability that is settled using an electronic payment system to be discharged before the settlement date if specific criteria are met. If an entity elects to apply this accounting policy, it must do so for all settlements made through the same electronic system.

The amendments also add further guidance for assessing whether a financial asset meets the solely payments of principal and interest criterion and new disclosure for certain instruments.

These amendments are effective for annual period beginning on or after January 1, 2026, with earlier application permitted.

The Corporation does not anticipate that the amendments will have a material effect on its financial statements.

4. Summary of Material Accounting Policy Information

The material accounting policy information followed by the Corporation are summarized as follows:

a) Funding from the Government of Canada

Operating funding, which pertains to services, activities and other undertakings of the Corporation for the management and operation of railway passenger services in Canada, is recorded as a reduction of the operating loss. The funding is determined on the basis of operating expenses less revenues excluding unrealized gains and losses on financial instruments, non-cash employee benefits, non-cash transactions relating to property, plant and equipment, intangible assets, right-of-use assets, lease liabilities, deferred income taxes, adjustment for accrued compensation and adjustment for VIA Préférence loyalty program and is based on the operating budget approved by the Government of Canada for each year.

Funding for depreciable property, plant and equipment and intangible assets is recorded as deferred capital funding in the Statement of Financial Position and is amortized on the same basis and over the same periods as the funded depreciable property, plant and equipment and intangible assets. Upon disposal of the funded depreciable property, plant and equipment and intangible assets, the Corporation recognizes into net income all remaining deferred capital funding related to the relevant assets.

4. Summary of Material Accounting Policy Information (cont'd)

Funding for non-depreciable property, plant and equipment is recorded as deferred capital funding in the Statement of Financial Position and is amortized on the same basis and over the same periods as the related depreciable property, plant and equipment.

b) Unconsolidated structured entity

A structured entity is designed to achieve a specific business purpose and has been set up so that any voting or similar rights are not the dominant factor in deciding who controls the entity. An example is when voting rights relate only to administrative tasks and the relevant activities are directed by contractual arrangements.

A structured entity is not consolidated when the substance of the relationship between the Corporation and the structured entities indicate that the structured entities are not controlled by the Corporation.

The subsidiary (VIA HFR – VIA TGF Inc.) has been determined to be an unconsolidated structured entity as the Corporation is not deemed to have control over the subsidiary based on the criteria outlined in IFRS 10 (see note 5c) – Key Sources of Estimation Uncertainty and Critical Judgements for more information). Consequently, the structured entity has not been consolidated within the Corporation.

The address of the unconsolidated structured entity's registered office is 385, Avenue Viger West, Montréal (Québec).

c) Revenue recognition

i) Passenger revenues

Revenue related to train services is recorded as deferred revenue until the transportation service has been provided. The service is rendered to the customer as the train journey is made. The performance obligation is satisfied over time. The customer simultaneously receives and consumes the benefits provided by the Corporation's performance as the Corporation performs the train service.

For sales of on-train food and beverages and other revenues, revenues are recognized when control of the goods has transferred, being at the point the customer purchases the goods.

The Corporation offers its customers the opportunity to earn points in a loyalty program. This program allows customers to purchase additional services - future train tickets and other products from the accumulated VIA Préférence points. The Corporation considers that the awarding of points gives rise to a performance obligation separate from the purchase of the train ticket or other products, since they confer on the customer a significant right to which he would not have been entitled if he had not bought a train ticket. The customer pays in advance for future services. The consideration received in respect of ticket sales is split between the points awarded under the VIA Préférence loyalty

4. Summary of Material Accounting Policy Information (cont'd)

program and the passenger transportation services. The amount allocated to the loyalty program is based on the probability of the awards being converted into train tickets. The probability is reviewed at the end of each annual reporting period. Revenue related to loyalty program points is recognized as deferred revenue until it is exchanged for train tickets or other products. When points are redeemed, the proceeds are determined by the number of points redeemed in exchange for train tickets and other products.

ii) Other revenues

Rental income and other

The Corporation enters into lease agreements as a lessor with respect to some of its stations and facilities. Leases for which the Corporation is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as finance lease. All other leases are classified as operating leases. Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. For rental income and other revenues, the customer simultaneously receives and consumes the benefits provided by the Corporation's performance as the Corporation performs the services.

d) Materials

Materials, consisting primarily of items used for the maintenance of rolling stock, are valued at the lower of cost and net realizable value. The cost is determined using the weighted average method and net realizable value is defined as the replacement cost. Materials are presented net of the related obsolescence provision.

e) Property, Plant and Equipment

Property, plant and equipment are recorded at the cost, less accumulated depreciation and any accumulated impairment losses. The cost includes all expenditures directly attributable to the acquisition of the asset.

Projects in progress are recorded at cost and include direct costs of construction, materials, direct labour and overhead.

When major components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment and are depreciated over their respective useful lives.

4. Summary of Material Accounting Policy Information (cont'd)

The rolling stock cost of periodic major overhaul programs is capitalized as a separate component and depreciated over its expected useful life. Cost of regular maintenance activities to maintain the rolling stock in good condition is recorded as operating expenses as incurred.

Depreciation of property, plant and equipment is calculated on a straight-line basis, from the date they are available for use, at rates sufficient to depreciate the cost of property, plant and equipment, less their residual value, over their estimated useful lives except for leasehold improvements related to the lease of buildings and stations where the depreciation period is the shorter of the lease term or its estimated useful life.

The estimated useful lives are as follows:

	Years
Rolling stock	**2 to 58**
Maintenance buildings	**10 to 75**
Stations and facilities	**5 to 50**
Owned infrastructure	**10 to 50**
Leasehold improvements	**10 to 40**
Machinery and equipment	**5 to 25**
Computer hardware	**3 to 10**
Other property, plant and equipment *(Note 1)*	**3 to 25**

Note 1: Other property, plant and equipment include mostly office furniture, luggage carts and security equipment.

The estimated useful life, depreciation method and residual value are reviewed at the end of each annual reporting period taking into account the nature of the assets, past experience, changing technologies and expectations for the in-service period of the assets, with the effect of any changes in estimate being accounted for on a prospective basis. No depreciation is provided for projects in progress and land.

Gains and losses on disposals of property, plant and equipment are determined by comparing the proceeds with the carrying amount of the asset and are recorded under "Loss on disposal of property, plant and equipment" in the Statement of Comprehensive Income.

4. Summary of Material Accounting Policy Information (cont'd)

f) Intangible assets

Intangible assets acquired separately are recorded at cost less accumulated amortization and accumulated impairment losses.

Projects in progress are recorded at cost and include direct costs of development, direct labour and overhead.

Amortization is recorded on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each annual reporting period, taking into account the nature of the assets, past experience, changing technologies and expectations for the in-service period of the assets, with the effect of any changes in estimate being accounted for on a prospective basis. No amortization is provided for projects in progress.

For internally generated intangible assets, the expenditure on research activities is recognized as an expense in the year in which it is incurred and the development expense from the development phase of an internal project is recognized as intangible assets if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognized for internally generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally generated intangible asset can be recognized, development expenditure is charged to net income in the year in which it is incurred.

The Corporation's intangible assets have a finite useful life and are amortized over their useful life according to the straight-line method over the following years:

	Years
Software	3 to 10
Rights of access to rail infrastructure	38
Other intangible assets	10 to 25

Gains and losses on disposals of intangible assets are determined by comparing the proceeds with the carrying amount of the asset and are recorded under "Loss on disposal of intangible assets" in the Statement of Comprehensive Income.

4. Summary of Material Accounting Policy Information (cont'd)

g) Right-of-use assets

The Corporation leases several assets including lands, stations, facilities, office spaces and information technology equipment in the normal course of its business.

The Corporation assesses whether a contract is or contains a lease, at inception of a contract. That is, if the contract conveys the right to control the use of an identified asset for a period in exchange for consideration. The Corporation recognizes a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases who at the commencement date, have a term of 12 months or less) and leases of low-value assets.

The Corporation recognizes right-of-use assets at the commencement date of a lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of the liabilities. The cost of right-of-use assets includes the amount of lease liability recognized, initial direct cost incurred, lease payments made at or before the commencement date, less any lease incentives received and an estimate of costs of dismantling and removing the underlying asset, if any.

Right-of-use assets are depreciated over the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. If a lease transfers ownership of the underlying asset or if the cost of the right-of-use asset reflects that the Corporation expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

h) Impairment of non-financial assets

The Corporation reviews at each Statement of Financial Position date whether there is any indication of impairment (obsolescence, physical deterioration, significant changes in the method of utilization, performances falling short of forecasts, decline in revenues, other external indicators) or reversal of impairment loss. Non-financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the non-financial asset, the asset's carrying amount exceeds its recoverable amount. If there are indicators of impairment present, the asset's recoverable amount is estimated. Assets that are not yet available for use are tested for impairment at every reporting period regardless of whether an indicator exists.

4. Summary of Material Accounting Policy Information (cont'd)

The recoverable amount of an asset is the greater of its value in use and its fair value less costs of disposal. The fair value is determined using the current replacement cost. The value in use is determined by the estimated present value of future cash flows generated by the asset.

The carrying amount of the Corporation's property, plant and equipment, intangible assets and right-of-use assets are reviewed at the cash-generating unit (CGU) level to determine whether there is any indication of impairment. For the purpose of impairment testing, a CGU is the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or group of assets. Assets are tested at the CGU level when they cannot be tested individually.

Under the Corporation's business model, no assets are considered to generate cash flows that are largely independent of the cash flows of other assets and liabilities. Instead, all assets interact to create the passenger train service which includes property, plant and equipment, right-of-use assets and intangible assets. These operations are funded by parliamentary appropriations, revenues from passengers and revenues from other sources. Overall levels of cash flows reflect public policy requirements and decisions. They reflect budgetary funding provided to the Corporation in its entirety.

An impairment loss is recognized in net income and calculated as the difference between the carrying amount and the recoverable amount.

When there is a reversal of impairment loss, the carrying amount of the asset is increased to the lower of the recoverable amount and the carrying amount (net of depreciation or amortization) that the asset would have had if previous impairment loss had not been recognized. The reversal of impairment loss is recognized in the Statement of Comprehensive Income.

i) Lease liabilities

The Corporation as a lessee:

The Corporation recognizes at the commencement date of the lease, a lease liability which is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the lease's implicit rate. If this rate cannot be readily determined, the Corporation uses the incremental borrowing rate.

Lease payments included in the measurement of the lease liability are:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;

4. Summary of Material Accounting Policy Information (cont'd)

- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

Variable lease payments that do not depend on an index or a rate are recognized as expenses in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Corporation uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable.

The Corporation recognizes non-lease components as expenses and record these expenses on a straight-line basis.

The lease liability is presented as a separate line in the Statement of Financial Position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest rate method) and by reducing the carrying amount to reflect the lease payments made.

The Corporation remeasures the lease liability and makes a corresponding adjustment to the related right-of-use asset whenever:

- The lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- The lease payments change due to variations in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change due to fluctuations in a floating interest rate, in which case a revised discount rate is used); and
- A lease contract is modified, and the lease modification is not accounted for as a separate lease, in which case the liability is remeasured by discounting the revised lease payments using a revised discount rate.

The Corporation's accounting policies as a lessor are described in Note 4 c) Revenue recognition ii) Rental income and other.

4. Summary of Material Accounting Policy Information (cont'd)

Short-term leases and leases of low-value assets

The Corporation applies the short-term lease recognition exemption to its short-term leases (i.e. those with a lease term of 12 months or less from the commencement date and who do not contain a purchase option). The Corporation also applies the low-value asset recognition exemption to leases that are considered of low value (such as point-of-sale terminal). For these leases, the Corporation recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

j) Provisions and contingencies

Provisions, including provisions for legal litigations, restructuring and environmental issues, are recognized when it becomes probable that a present obligation (legal or constructive) resulting from a past event will require a settlement and when the amount can be estimated reliably.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the Statement of Financial Position date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

In situations where the amount of the obligation cannot be measured with sufficient reliability or the cash outflows are not probable, a contingent liability is disclosed, unless the possibility of any outflow in settlements is remote.

k) Income taxes

The Corporation utilizes the asset and liability method of accounting for taxes under which deferred income tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the financial statement carrying amount and the tax basis of assets and liabilities. Deferred income tax assets and liabilities are measured using enacted or substantively enacted tax rates that are expected to apply for the year in which those temporary differences are expected to be recovered or settled. The effect on deferred income tax assets and liabilities of a change in tax rates is recognized in net income in the year based on tax rates that have been enacted, or substantially enacted, by the end of the reporting period. Deferred income tax assets are recognized to the extent that realization is considered probable.

4. Summary of Material Accounting Policy Information (cont'd)

l) Employee benefits

i) Defined benefit component of the pension plans and other employee benefit plans

The Corporation's obligations for the defined benefit component of the pension plans as well as for other employee benefit plans (post-retirement medical and life insurance benefits) are actuarially determined using the projected unit credit method and management's best estimate. The present value of the defined benefit obligations is calculated using discount rates based on an interest rate curve that represents the yields on corporate AA bonds. The Canadian Institute of Actuaries' (CIA) calculation model establishes the rates for longer maturities by extrapolating the yield curve to maturity of AA-rated corporate bonds based on the observed relationship between the yields of AA-rated corporate bonds or A-rated corporate bonds and those of provincial AA-rated bonds in the medium-term maturity range. This relationship is then transposed to the universe of provincial AA-rated bonds with longer maturities to extrapolate the bond yields of AA-rated corporate bonds.

The Corporation determines the net interest expense on the net defined benefit liability for the year by applying the discount rate used to measure the defined obligation at the beginning of the year to the net defined benefit liability.

The current service costs, the net interest expense on the net defined benefit liability, the gains and losses on curtailment or settlement and plan amendments are recognized in net income in the year they are incurred.

Remeasurements arising from defined benefit component of the pension plans and other employee benefit plans comprised of changes in demographic assumptions, and in financial assumptions and experience adjustments, etc. are recognized in other comprehensive income in the year they are incurred.

ii) Defined contributions pension plan

Employer contributions related to the defined contribution component of the pension plan are recognized as an expense when employees render the service entitling them to contributions.

4. Summary of Material Accounting Policy Information (cont'd)

iii) Employment benefits other than post-employment benefits

The Corporation provides employment benefits other than post-employment benefits as follows:

- Compensation and short-term employee benefits include the annual salary, performance bonuses, paid vacations not included in the annual salary, short-term sick leave, health, dental and life insurance benefits. These benefits are measured on an undiscounted basis and are expensed as the related service is provided.

- Long-term employee benefits include workers' compensation benefits as well as long-term disability benefits and continuation of benefit coverage for employees on long-term disability.

  The actuarial obligation for workers' compensation benefits is calculated on an event-driven basis. The method involves dividing the obligation into two distinct components: awarded pensions and future awards. The actuarial obligation for awarded pensions is the actuarial present value of all future projected payments for the award determined as at the valuation date. The actuarial obligation for future awards is the discounted value of expected cash flow for awards yet to be made. The Corporation is self-insured for its workers' compensation benefits.

  The actuarial obligation for other long-term disability benefits and continuation of benefit coverage for employees on long-term disability is calculated on an event-driven basis. This method incorporates management's best estimate of cost escalation as well as demographic and other financial assumptions.

  Actuarial gains and losses and other changes in the Corporation's obligations are recognized in net income in the year in which they arise.

- Termination benefits include benefits that are payable when an employment contract is terminated before the normal retirement date. They are recognized as a liability and expense for termination benefits at the earlier of the following dates:

  (a) when the Corporation can no longer withdraw the offer of those benefits; and

  (b) when the Corporation recognizes costs for a restructuring (provision) and involves the payment of termination benefits.

4. Summary of Material Accounting Policy Information (cont'd)

m) Financial instruments

i) Financial assets

Classification and measurement

Financial assets are measured at fair value at initial recognition, and subsequently measured at amortized cost or at fair value through profit or loss (FVTPL).

With the exception for trade and other receivables that do not contain a significant financing component for which the Corporation has applied the practical expedient, the Corporation measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs. Transaction costs directly attributable to the acquisition of financial assets at FVTPL are recognized immediately in net income.

Financial assets at amortized cost

This category is the most relevant for the Corporation. The Corporation measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets to collect contractual cash flows and,
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognized in net income when the asset is derecognized, modified or impaired.

Impairment of financial assets

The Corporation recognizes a loss allowance for expected credit losses (ECLs) for all financial assets not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Corporation expects to receive, discounted at an approximation of the original effective interest rate.

For trade and other receivables, the Corporation applies a simplified approach in calculating ECLs which is possible under IFRS 9 when certain conditions apply. The Corporation uses the practical expedient and does not need to adjust the promised amount of consideration for the effects of a significant financing component if the Corporation expects, at contract inception, that the period between when the Corporation performs the service to a customer and when the customer pays for that service will be one year or less.

4. Summary of Material Accounting Policy Information (cont'd)

Therefore, the Corporation recognizes a loss allowance based on lifetime ECLs at each reporting date. The Corporation has established a loss allowance matrix that is based on past default experience of the debtor, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Amounts considered uncollectible are written off and are included in the "Other" expenses line item in the Statement of Comprehensive Income.

The Corporation does not recognize an ECL for cash.

ii) Financial liabilities

Recognition and measurement

Financial liabilities are measured at fair value at initial recognition, and subsequently measured at amortized cost, or at fair value through profit or loss (FVTPL).

Financial liabilities at amortized cost

A financial liability that is not a contingent consideration from an acquirer in a business combination, held for trading, or designated at FVTPL is subsequently measured at amortized cost using the effective interest rate method.

Gains and losses are recognized in net income when the financial liabilities are derecognized as well as through the effective interest rate method amortization process.

Amortized cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate method.

Financial instruments measured at FVTPL

Financial instruments at FVTPL include financial assets and financial liabilities that are incurred for repurchasing in the near term and financial assets and financial liabilities designated upon initial recognition as at FVTPL.

Gains or losses on financial instruments classified at FVTPL are recognized in net income.

iii) Derivative financial instruments

Initial recognition and subsequent measurement

The Corporation uses derivative financial instruments, such as commodity swaps, to manage its exposure to fuel price risk.

Derivatives are initially recognized at fair value at the date on which a derivative contract is entered and are subsequently remeasured at fair value at the reporting date of each reporting period. Any resulting fair value changes are recognized immediately through profit and loss in the line "Unrealized (net gain) net loss on derivative financial instruments".

4. Summary of Material Accounting Policy Information (cont'd)

Derivative financial instruments are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for asset or liability, either directly or indirectly.

Level 3 – Unobservable inputs for the asset or liability.

The following table summarizes the financial assets and financial liabilities held by the Corporation measured at fair value at the end of each reporting period. The table also discloses information about how the fair value of these financial assets and financial liabilities are determined and their fair value hierarchy:

Financial assets / financial liabilities	Fair value hierarchy	Valuation technique(s)	Significant unobservable inputs	Relationship unobservable inputs to fair value
Derivative financial instruments – commodity swaps	Level 2	Discounted cash flow. Future cash flows are estimated based on commodity swap price (from observable commodity market price at the end of the reporting period) and contract commodity swap price, discounted at a market rate that reflects the credit risk of various counterparties.	N/A	N/A

4. Summary of Material Accounting Policy Information (cont'd)

The following table summarizes the financial assets and financial liabilities held by the Corporation and their classification as well as the initial and subsequent measurement method at the end of each reporting period. The fair value approximates carrying value due to the short deadline, except for other payables.

Classification	Applicable to	Initial measurement	Subsequent measurement	Recognition of income/ expense and gain/loss on remeasurement, if any
Amortized cost	• Cash • Trade and other receivables • Current advances to third parties • Other assets • Trade and other payables • Other payables *(Note 1)*	Fair value including transaction costs	Amortized cost using the effective interest rate method	Net income
Fair value through profit or loss (FVTPL)	Derivative financial instruments *(Note 2)*	Fair value	Fair value	Net income

Note 1: Due to the nature of these financial instruments, their fair value approximates their carrying amount.
Note 2: Comprised of derivative financial instruments not designated in a hedging relationship.

5. Key Sources of Estimation Uncertainty and Critical Judgements

In applying the Corporation's accounting policies, management is required to make certain assumptions, estimates and judgements that affect the reported amounts of revenues, expenses, assets and liabilities, as well as the disclosure of contingent liabilities at the reporting date. They are reviewed on an ongoing basis. Changes to accounting estimates are recognized in the period in which the estimates are revised and in any future period affected. However, uncertainties relating to assumptions, estimates and judgements could result in outcomes that would require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Other disclosure relating to the Corporation's exposure to risks and uncertainties are included in Note 21.

Judgements

In the process of applying the Corporation's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognized in the financial statements.

a) Determining the lease term of contracts with renewal and termination options

When the Corporation recognizes a lease as a lessee, it assesses the lease term based on the conditions of the lease. The lease term is the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, and any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Corporation has several lease contracts that include extension and termination options. The Corporation considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. The Corporation reassesses the amount recognized as right-of-use asset and lease liability if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

b) Determining the value of the projects in progress

Management uses judgement in determining the percentage of completion of the projects in progress as well as the value of the activities performed for these projects and reviews progress on a regular basis. Percentage of completion and value of the projects in progress reflect management's best assessment and are assessed by taking in consideration all information available at the reporting date. Actual amounts of projects in progress could differ from best assessment of management.

c) Unconsolidated structured entity

The Corporation has an investment in an unconsolidated structured entity, through its common voting share investment. Management exercises judgement in determining whether or not the Corporation has control on the structured entity, its wholly owned subsidiary, and consequently whether or not it should consolidate the financial results of the structured entity.

5. Key Sources of Estimation Uncertainty and Critical Judgements (cont'd)

Although the Corporation has the power to appoint or remove directors through its common voting interest, it must do so in consultation with the Minister of Transport and cannot unilaterally appoint or remove directors, thereby limiting its power over the day-to-day activities of the structured entity. In addition, through agreements with VIA HFR – VIA TGF Inc. and Minister of Transport, the Corporation's rights to obtain dividends are limited in that Transport Canada approval must be obtained and the Government of Canada must approve any such requests via the VIA HFR – VIA TGF Inc.'s Corporate Plan and the Board of Directors. With the status change of VIA HFR – VIA TGF Inc. on June 2024 to an agent corporation, the net assets on wind-up or liquidation will remain the property of the Crown instead of the Corporation.

Accordingly, while the Corporation has power over certain activities of the structured entity it is not able to use those powers to influence its returns. Therefore, although the Corporation owns the outstanding common share of the structured entity, it does not consolidate its operations because the Corporation does not have the ability to affect the returns from the common share investment through its power over the entity. The maximum exposure to loss is determined by considering the nature of the interest in the unconsolidated structured entity. As at December 31, 2025, the maximum exposure to the Corporation for financial risk related to the structured entity is reflected by the carrying amount of its investment in the statement of financial position of $1 and the collection of account receivable from VIA HFR – VIA TGF Inc.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, which are not included in other notes, are described below. The Corporation based its assumptions and estimates on parameters available when the financial statements were prepared. Estimates and assumptions are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Corporation.

a) Useful lives of depreciable assets

The key estimate used for Property, plant and equipment and intangible assets is their useful lives. When determining the expected useful lives of these assets, management takes into account the nature of the assets, past experience, changing technologies and expectations for the in-service period of the assets. Management reviews the useful lives of depreciable assets annually.

5. Key Sources of Estimation Uncertainty and Critical Judgements (cont'd)

b) VIA Préférence Loyalty Program

The VIA Préférence loyalty program allows members to acquire "award points" as they travel on the train. These award points entitle members to free travel and other products on the Corporation's trains. In determining the fair value of the award points recorded as deferred revenues, the Corporation takes into consideration the probability of the awards being converted into train tickets. The estimated probabilities on point redemption are based on management experience and on changing customer behaviour and may not reflect the actual redemption rate in the future. Any significant changes in customers' redemption patterns will impact the estimated redemption rate. As such, the amount allocated between the transportation service and the award points may have been significantly different if different probability estimates had been used.

The Corporation also estimates the stand-alone selling price of the loyalty points awarded under the VIA Préférence loyalty program. As points issued under the program are not sold to third parties, estimates of the stand-alone selling price are subject to significant uncertainty. The stand-alone selling price of the loyalty points awarded is based on the average points spent on train tickets and the average fares.

c) Post-employment and other employee benefits

Except for the defined contribution component of the pension plans, the cost of post-employment and other employee benefits and the present value of the related obligations are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates used to measure the obligations, expected future salary increases, expected retirement age, expected mortality rates, expected health care cost trends, expected inflation and expected future pension increase. When determining these assumptions, management takes into account past experience, current market conditions and rates, and the expertise of its actuaries. Due to the complexities involved in the valuation and the long-term nature of these plans, such estimates are subject to significant uncertainty. All assumptions are reviewed at each reporting period. Actual results may differ from results that are estimated based on assumptions.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate, management considers the interest rates of corporate bonds with at least an "AA" rating or above, as set by internationally recognized credit rating agency, and extrapolated as needed along the yield curve to correspond with the expected term of the defined benefit obligation. The underlying bonds are further reviewed for quality corporate bonds.

5. Key Sources of Estimation Uncertainty and Critical Judgements (cont'd)

The mortality rate is based on publicly available mortality tables. Those mortality tables tend to change only at intervals in response to demographic changes. Future salary increases and pension increases are based on expected future inflation rates.

A sensitivity analysis of key assumptions is presented in Note 16.

d) Income taxes

Management uses judgement and estimates in determining the appropriate rates and amounts in recording deferred income taxes, giving consideration to timing and probability of realization. Actual taxes could significantly vary from these estimates as a result of a variety of factors including future events, changes in income tax law or the outcome of reviews by tax authorities and related appeals. The Corporation has recognized deferred income tax assets on its deductible temporary differences and unused tax losses as it has determined that it is probable that taxable profit will be available against which the deductible temporary differences and unused tax losses can be utilized. The resolution of these uncertainties and the associated final taxes may result in adjustments to the Corporation's deferred and current income tax assets and liabilities.

e) Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The Corporation uses judgement in assessing, at each reporting date, whether there is any indication that non-financial assets may have lost value requiring the completion of an impairment test. These tests are designed, in part, to determine a recoverable amount, which is the fair value, based on current replacement cost, less costs of disposal. The current replacement cost and the costs of disposal calculations are based on management's best estimates. Difference in estimates could materially affect the financial statements in determining both the impairment existence and the amount of impairment.

f) Lease liabilities: estimating the incremental borrowing rate

Accounting standards require the Corporation to discount the lease payments using the rate implicit in the lease if that rate is readily available. If that rate cannot be readily determined, the lessee is required to use its incremental borrowing rate (IBR). The determination of the IBR requires the use of various assumptions which, if different from those being used, could result in a significant impact in the amount recognized as right-of-use asset and lease liability, as well as in the amount of depreciation of right-of-use asset and interest expense on lease liability. The Corporation estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

6. Trade and Other Receivables

The trade and other receivables balance includes the following:

(in millions of Canadian dollars)	2025	2024
Trade	**8.0**	6.3
Other receivables	**6.0**	7.2
Loss allowance	**(0.5)**	(0.9)
Trade and other receivables classified at Amortized cost	**13.5**	12.6
Amount receivable from the Government of Canada – Operating funding	**62.0**	119.5
Amount receivable from (payable to) the Government of Canada – Capital funding *(Note 20)*	**17.2**	(2.3)
Total receivable from the Government of Canada	**79.2**	117.2
Sales taxes	**6.1**	12.5
Total trade and other receivables	**98.8**	142.3

All trade and other receivables amounts have short-term maturities. Their net book values correspond to a reasonable approximation of their fair value.

The maturity of the trade and other receivables over 30 days is detailed in the following table:

(in millions of Canadian dollars)	2025	2024
31 to 60 days	**0.3**	1.4
61 to 90 days	**0.2**	1.1
Over 90 days	**1.1**	0.2
Total	**1.6**	2.7

The Corporation has recognized in the current year an amount of $0.9 million of impairment loss arising from contracts with customers and other receivables, which is presented in the line “Other” in the Statement of Comprehensive Income (December 31, 2024: $1.1 million).

7. Materials

The materials balance includes the following:

(in millions of Canadian dollars)	2025	2024
Spare parts	**32.8**	35.5
Provision for obsolete inventory	**(7.4)**	(6.9)
Net spare parts	**25.4**	28.6
Other	**0.6**	0.7
Total materials	**26.0**	29.3

(in millions of Canadian dollars)	2025	2024
Spare parts at the beginning	**35.5**	33.8
Purchases of material	**42.7**	43.0
Usage of materials transferred to expenses	**(40.3)**	(34.2)
Usage of materials transferred to property, plant and equipment	**(4.6)**	(6.0)
Write-down of materials	**(0.5)**	(1.1)
Spare parts at the end	**32.8**	35.5
Provision for obsolete inventory	**(7.4)**	(6.9)
Net spare parts at the end of the year	**25.4**	28.6

8. Advances on Contracts and Other Assets

As at December 31, 2025, there is a $20.3 million (December 31, 2024: $28.6 million) advance on contract which includes an amount of $13.7 million (December 31, 2024: $23.6 million) that will be transferred to property, plant and equipment in the future years according to the progress of work and an amount of $4.0 million (December 31, 2024: $5.0 million) that will be transferred to operating expenses in the future years as well as $2.6 million (December 31, 2024: nil) of other assets.

9. Property, Plant and Equipment

(in millions of Canadian dollars)	Land	Rolling stock	Maintenance buildings	Stations and facilities *(Note 1)*	Owned infrastructures	Leasehold improvements	Machinery and equipment	Computer hardware	Other	Projects in progress	Total
Cost:											
January 1, 2025	17.7	1,727.5	259.3	240.3	379.0	111.1	46.4	41.5	14.3	478.1	3,315.2
Additions	–	–	–	–	–	–	–	–	–	350.3	350.3
Disposals	–	(2.1)	(0.3)	–	(0.3)	–	(0.3)	(2.9)	–	(0.5)	(6.4)
Transfers	–	333.0	21.8	4.7	20.9	11.1	10.8	6.6	1.5	(410.4)	–
Total cost	17.7	2,058.4	280.8	245.0	399.6	122.2	56.9	45.2	15.8	417.5	3,659.1
Accumulated depreciation and impairment:											
January 1, 2025	–	668.3	118.3	84.7	153.8	63.7	26.9	28.6	8.1	–	1,152.4
Additions	–	95.6	8.6	10.1	11.9	5.7	2.5	5.2	1.4	–	141.0
Disposals	–	(2.1)	(0.2)	–	(0.3)	–	(0.3)	(2.9)	–	–	(5.8)
Total accumulated depreciation and impairment	–	761.8	126.7	94.8	165.4	69.4	29.1	30.9	9.5	–	1,287.6
Total carrying amount	**17.7**	**1,296.6**	**154.1**	**150.2**	**234.2**	**52.8**	**27.8**	**14.3**	**6.3**	**417.5**	**2,371.5**

Note 1 – The Corporation leases to third parties a small surface area of certain stations belonging to it. Given that this is only a non-significant proportion of certain stations, these assets are not presented on a separate line.

9. Property, Plant and Equipment (cont'd)

(in millions of Canadian dollars)	Land	Rolling stock	Maintenance buildings	Stations and facilities *(Note 1)*	Owned infrastructures	Leasehold improvements	Machinery and equipment	Computer hardware	Other	Projects in progress	Total
Cost:											
January 1, 2024	17.7	1,246.0	183.1	214.4	352.7	102.9	42.6	40.5	13.3	599.3	2,812.5
Additions	–	–	–	–	–	–	–	–	–	552.0	552.0
Disposals	–	(43.1)	–	(0.6)	–	(0.1)	(0.4)	(4.4)	–	(0.7)	(49.3)
Transfers	–	524.6	76.2	26.5	26.3	8.3	4.2	5.4	1.0	(672.5)	–
Total cost	17.7	1,727.5	259.3	240.3	379.0	111.1	46.4	41.5	14.3	478.1	3,315.2
Accumulated depreciation and impairment:											
January 1, 2024	–	632.4	113.8	75.0	142.8	58.6	24.9	28.7	6.7	–	1,082.9
Additions	–	74.8	4.6	10.3	11.0	5.4	2.4	4.1	1.5	–	114.1
Disposals	–	(38.9)	(0.1)	(0.6)	–	(0.3)	(0.4)	(4.2)	(0.1)	–	(44.6)
Total accumulated depreciation and impairment	–	668.3	118.3	84.7	153.8	63.7	26.9	28.6	8.1	–	1,152.4
Total carrying amount	**17.7**	**1,059.2**	**141.0**	**155.6**	**225.2**	**47.4**	**19.5**	**12.9**	**6.2**	**478.1**	**2,162.8**

Note 1 – The Corporation leases to third parties a small surface area of certain stations belonging to it. Given that this is only a non-significant proportion of certain stations, these assets are not presented on a separate line.

10. Intangible Assets

(in millions of Canadian dollars)	External software *(Note 1)*	In-house developed software	Right of access to rail infrastructure	Other	Projects in progress	Total
Cost:						
January 1, 2025	194.5	8.7	448.4	3.8	17.0	672.4
Additions	–	–	–	–	25.1	25.1
Disposals	(1.9)	–	–	–	–	(1.9)
Transfers	27.1	–	0.1	–	(27.2)	–
Total cost	219.7	8.7	448.5	3.8	14.9	695.6
Accumulated amortization and impairment:						
January 1, 2025	71.5	7.8	167.8	3.1	–	250.2
Additions	20.8	–	10.9	0.1	–	31.8
Disposals	(1.9)	–	–	–	–	(1.9)
Total accumulated amortization and impairment	90.4	7.8	178.7	3.2	–	280.1
Total carrying amount	**129.3**	**0.9**	**269.8**	**0.6**	**14.9**	**415.5**

Note 1: The carrying amount of the new reservation system is $94.2 million (December 31, 2024: $94.5 million) will be fully amortized in 8 years (2024: 9 years).

10. Intangible Assets (cont'd)

(in millions of Canadian dollars)	External software *(Note 1)*	In-house developed software	Right of access to rail infrastructure	Other	Projects in progress	Total
Cost:						
January 1, 2024	185.5	7.8	442.1	4.2	21.1	660.7
Additions	–	–	–	–	34.5	34.5
Disposals	(8.9)	–	(13.2)	(0.4)	(0.3)	(22.8)
Transfers	17.9	0.9	19.5	–	(38.3)	–
Total cost	194.5	8.7	448.4	3.8	17.0	672.4
Accumulated amortization and impairment:						
January 1, 2024	63.4	7.8	170.5	3.5	–	245.2
Additions	17.0	–	10.5	–	–	27.5
Disposals	(8.9)	–	(13.2)	(0.4)	–	(22.5)
Total accumulated amortization and impairment	71.5	7.8	167.8	3.1	–	250.2
Total carrying amount	**123.0**	**0.9**	**280.6**	**0.7**	**17.0**	**422.2**

Note 1: The carrying amount of the new reservation system is $94.5 million (December 31, 2023: $95.5 million) will be fully amortized in 9 years (2023: 10 years).

11. Trade and Other Payables

The trade and other payables balance includes the following:

(in millions of Canadian dollars)	2025	2024
Wages payable and accrued	**51.0**	53.2
Accounts payable and accruals – Trade	**54.5**	65.3
Accounts payable and accruals – Capital assets	**89.0**	126.6
Trade and other payables classified at Amortized cost	**194.5**	245.1
Other	**11.3**	10.4
Total trade and other payables	**205.8**	255.5

12. Leases

The Corporation as a lessee:

The Corporation leases several assets including land, office spaces, stations and facilities and information technology equipment. Lease of land has a lease term of 29 years, leases of office spaces have lease terms between 3 years and 12 years, leases of stations and facilities have lease terms between 5 and 40 years, while information technology equipment has lease terms of 5 years.

The Corporation also has certain leases with lease terms of 12 months or less and leases of equipment with low value.

The carrying amounts of right-of-use assets recognized and the movement during the period are as follows:

(in millions of Canadian dollars)	Land	Office spaces	Stations and facilities	Information technology equipment	Total
Cost:					
January 1, 2025	0.5	14.9	85.3	0.1	100.8
Additions	–	–	2.0	1.0	3.0
Disposals	–	–	(0.4)	(0.1)	(0.5)
Total cost	0.5	14.9	86.9	1.0	103.3
Accumulated depreciation:					
January 1, 2025	0.1	1.0	10.0	0.1	11.2
Additions	–	1.1	2.8	0.1	4.0
Disposals	–	–	(0.4)	(0.1)	(0.5)
Total accumulated depreciation	0.1	2.1	12.4	0.1	14.7
Net carrying amount	**0.4**	**12.8**	**74.5**	**0.9**	**88.6**

12. Leases (cont'd)

(in millions of Canadian dollars)	Land	Office spaces	Stations and facilities	Information technology equipment	Total
Cost:					
January 1, 2024	0.5	21.8	83.6	0.8	106.7
Additions	–	0.3	1.7	0.1	2.1
Disposals	–	(7.2)	–	(0.8)	(8.0)
Total cost	0.5	14.9	85.3	0.1	100.8
Accumulated depreciation:					
January 1, 2024	0.1	7.2	7.3	0.8	15.4
Additions	–	1.0	2.7	0.1	3.8
Disposals	–	(7.2)	–	(0.8)	(8.0)
Total accumulated depreciation	0.1	1.0	10.0	0.1	11.2
Net carrying amount	**0.4**	**13.9**	**75.3**	–	**89.6**

12. Leases (cont'd)

Amount recognized in the Statement of Comprehensive Income:

(in millions of Canadian dollars)	2025	2024
Expense relating to low-value assets	**0.1**	0.2

Total cash outflow is $6.9 million (December 31, 2024: $6.5 million).

The table below indicates the maturity of the lease liabilities based on contractual undiscounted payments as at December 31:

(in millions of Canadian dollars)	2025	2024
Less than 1 year	**6.9**	6.4
1 to 2 years	**6.8**	6.4
More than 2 years	**136.5**	140.2
Total	**150.2**	153.0

12. Leases (cont'd)

The carrying amounts of lease liabilities and the movements of the period are as follows:

(in millions of Canadian dollars)	2025	2024
Balance, beginning of year	**99.3**	100.6
Additions	**3.0**	2.1
Accretion of interest	**3.0**	2.9
Payments	**(6.7)**	(6.3)
Balance, end of period	**98.6**	99.3
Current	**3.8**	3.4
Non-current	**94.8**	95.9
Total lease liabilities	**98.6**	99.3

DECEMBER 31, 2025	Lease contracts number	Fixed payments (%)	Variable payments (%)
Land leases with payments linked to inflation	1	–	0.4
Office space leases with fixed payments	4	17.5	–
Stations and facilities leases with payments linked to inflation	4	–	59.5
Stations and facilities leases with fixed payments	9	21.7	–
Information technology equipment leases with fixed payments	1	–	0.9
Total	**19**	**39.2**	**60.8**

12. Leases (cont'd)

The Corporation as a lessor:

The Corporation has entered into leases on some of its assets, such as stations and facilities. These leases have terms between 2 and 20 years. Some leases include a clause to enable upward revision of the rental charge on an annual basis according to prevailing market conditions. Some of these operating lease contracts contain a market review clause in the event that the lessee exercises its option to renew. The lessee does not have an option to purchase the property at the end of the expiry of the lease period. The Corporation has determined, based on an evaluation of the terms and conditions of the leases, such as the lease term not constituting a major part of the economic life of the property and the present value of the minimum lease payments not amounting to substantially all of the fair value of the property and that the Corporation retains substantially all the risks and reward to ownership of the properties and accounts for the contracts as operating leases.

Rental income recognized by the Corporation during the year is $9.1 million (December 31, 2024: $8.5 million).

Future minimum rentals receivable under non-cancellable operating leases as at December 31, 2025, are as follows:

(in millions of Canadian dollars)	
Year 1	**2.8**
Year 2	**2.8**
Year 3	**2.1**
Year 4	**1.2**
Year 5	**0.8**
Year 6 and over	**2.2**
Total	**11.9**

13. Provisions and Contingencies

The provisions balance includes the following:

(in millions of Canadian dollars)	January 1, 2025	Additional provisions recognized	Provisions utilized	Unused amounts reversed	December 31, 2025
Environmental costs	3.4	1.1	(2.1)	(0.3)	**2.1**
Litigation and equipment repairs	2.6	4.4	(2.0)	(0.5)	**4.5**
Total provisions	6.0	5.5	(4.1)	(0.8)	**6.6**

Environmental costs

The Corporation's operations are subject to numerous federal, provincial, and municipal environmental laws and regulations concerning among other things, the management of air emissions, wastewater, hazardous materials, wastes and soil contamination as well as the management and decommissioning of underground and aboveground storage tanks. A risk of environmental liability is inherent in railroad and related transportation operations, real estate ownership and other activities of the Corporation with respect to both current and past operations.

The Corporation has performed a review of all of its operations and of all of its sites and facilities at risk in order to determine the potential environmental risks. The sites and the facilities for which environmental risks were identified were or will be the subject of thorough studies and corrective actions were or will be taken if necessary in order to eliminate or to mitigate these risks. The continuous risk management process that is in place allows the Corporation to monitor its activities and properties under normal operating conditions as well as monitor accidents that occur. The properties likely to be contaminated or the activities or property, plant and equipment likely to cause a contamination are addressed, at the moment of their observation, by the development of an action plan according to the nature and the importance of the impact and the applicable requirements.

When remediation costs can be reasonably estimated, a provision is recorded based on the anticipated future costs.

13. Provisions and Contingencies (cont'd)

However, the Corporation's ongoing efforts to identify potential environmental concerns that may be associated with its properties may lead to future environmental investigations, which may result in the identification of additional environmental costs and liabilities. The magnitude of such additional liabilities and the costs of complying with environmental laws and containing or remediating contamination cannot be reasonably estimated due to:

(i) the lack of specific technical information available with respect to many sites;

(ii) the absence of any third-party claims with respect to particular sites;

(iii) the uncertainty regarding the ability to recover costs from any third parties with respect to particular sites;

(iv) the fact that the environmental responsibility has not been clearly attributed.

Litigation and equipment repairs

The Corporation is subject to claims and legal proceedings brought against it in the normal course of business. The timing of the settlement of these claims depends to a large extent on the pace of negotiation with the various counterparties and legal authorities. The Corporation cannot reliably estimate when these claims will be resolved.

Also, the Corporation incurs equipment repair costs as a result of crossing accidents and other incidents causing damages to the rolling stock. These equipment repair claims are mostly settled between 3 and 18 months from the date of initiation.

Such matters are subject to several uncertainties. Management believes that adequate provisions for litigation and equipment repairs have been made in the affected accounts. The ultimate resolution of those matters is not expected to have a significant adverse effect on the Corporation's financial position.

The Corporation is currently involved in a legal action before the Canadian Transportation Agency regarding the terms and conditions of the Train Service Agreement with one of its railway partner. Given the uncertainty and difficulty in quantifying the outcome, the Corporation has opted not to record any provisions in its financial statements. Management however believes that the final outcome of this matter is not expected to have a substantial negative impact on the Corporation's financial position.

Asset retirement

The Corporation has entered into certain operating leases where the lessor has the option of requesting that the land/structures or the other assets be returned in the same condition as they were originally leased, or of retaking control of these assets without any compensation to the Corporation for any additions or modifications made to the initial assets. Given the nature of the assets under contract and the options available to the lessor, the asset retirement obligation cannot be reasonably estimated. No liability has been recognized in the financial statements.

14. Deferred Revenues and Other Liabilities

Deferred revenues and other liabilities are comprised of the following:

(in millions of Canadian dollars)	2025	2024
Advance ticket sales	**44.1**	37.6
VIA Préférence loyalty program	**11.6**	10.8
Other	**12.2**	8.8
Total deferred revenues and other liabilities	**67.9**	57.2

Advance ticket sales, which represent contract liabilities, relate to payments received in advance of performance under the contract. Contract liabilities are recognized as revenue as the Corporation performs the contract.

In the current reporting period, an amount of $33.5 million of revenue was recognized relating to previous year advance ticket sales (December 31, 2024: $21.2 million). Management expects that approximately 70 per cent of the current advance ticket sales will be recognized as revenue during the next reporting period.

15. Other Payables

The balance of other payables includes an amount of $57.8 million (December 31, 2024: $49.4 million) related to a project in progress which is not due to the supplier as at December 31, 2025 as well as holdbacks on contracts of $0.5 million (December 31, 2024: $31.7 million). The Corporation will request the funding from the Government of Canada in the year in which the payable will be paid out. The balance also includes an amount of $0.2 million (December 31, 2024: $0.3 million) related to operating expenses that will be paid in the future years.

16. Employee Benefit Assets and Liabilities

The Corporation provides a number of pension plans with defined benefits (funded) and defined contribution components. The Corporation also provides other employee benefits that are unfunded, which comprise post-retirement medical and life insurance benefits, and long-term employee benefits such as self-insured workers' compensation benefits, long-term employee disability benefits and continuation of benefit coverage for employees on long-term disability.

Pension plans

The Corporation's pension plans are governed according to applicable federal legislation such as the *Pension Benefits Standards Act* and the *Income Tax Act*. The pension plans are under the jurisdiction of the Office of the Superintendent of Financial Institutions Canada.

Employees entitled to a defined benefit pension

Pension benefits are based on years of service and average salary of the employee's best five consecutive calendar years up to retirement.

Participants contribute a fixed percentage of their earnings to the pension plan while the Corporation contributes the amount needed to maintain adequate funding as dictated by the prevailing regulation. The pension plans may be required to take measures to offset any funding and solvency deficit by changing the Corporation's and participants' contribution rate. Moreover, additional contributions by the Corporation may be required if these rules are not complied with. The Board of Directors is responsible for the investment policy with regard to the assets of the fund.

Employees entitled to a hybrid pension plan

Employees are provided pension benefits in part from a reduced formula of the defined benefit component of the pension plan, and in part from a defined contribution component.

i) Defined benefit component

Pension benefits under the reduced formula are based on years of service and average salary of the employee's best five consecutive calendar years up to retirement. On each April 1, following the third anniversary of the retirement date, the participant's pension benefits will be indexed by 50 per cent of the increase in the Consumer Price Index subject to a maximum increase of 3 per cent, but only if the plan is in a surplus situation.

The contributions required to fund the defined benefit component of the plan are entirely paid for by the Corporation. The Corporation's contributions vary according to the financial situation of the plan, as determined by the plan's actuary and in accordance with regulatory requirements for pension plan funding.

The Board of Directors is responsible for the investment policy with regard to the assets of the fund.

16. Employee Benefit Assets and Liabilities (cont'd)

ii) Defined contribution component

Participants' and corporation's contributions to the defined contribution component are mandatory and represent 4 per cent of their salary. Optional contributions to the defined contribution component can be made by the participants to a maximum of 3 per cent of their salary. The Corporation's contribution is equal to 100 per cent of participants' optional contributions for Unifor members from August 2025 till December 2027. For TCRC-MWED members, the Corporation's pays 50 per cent of participants' optional contributions.

The retirement income is based on the accumulation of funds in the individual retirement savings account of the defined contribution component of the plan.

Participants have control over the investment decisions and bear the investment risk.

Employees entitled to a defined contribution pension

Participants' and corporation's contributions to the defined contribution plan are mandatory and represent 4 per cent of their salary. Optional contributions to the defined contribution component can be made by the participants to a maximum of 3 per cent of their salary. The Corporation's contribution is equal to 100 per cent of participants' contributions.

The retirement income is based on the accumulation of funds in the individual's retirement savings account of the defined contribution component of the plan.

Participants have control over the investment decisions and bear the investment risk.

The expense for the defined contribution component of the pension plan for the year ended December 31, 2025 is $5.1 million (December 31, 2024: $4.3 million). The employer contributions are expected to be $6.1 million in 2026.

Actuarial valuations

The actuarial valuations for these employee benefits, except for the defined contribution component of the pension plans, are carried out by external actuaries who are members of the Canadian Institute of Actuaries.

16. Employee Benefit Assets and Liabilities (cont'd)

The actuarial valuations of the various employee benefit plans are as follows:

	ACTUARIAL VALUATION	
Employee benefit plans:	**Most recent valuation**	**Next valuation**
Pension plans	December 31, 2024	**December 31, 2025**
Supplemental Executive Retirement Plan	December 31, 2025	**December 31, 2026**
Supplemental Retirement Plan for management employees (SRP), with respect to active members	December 31, 2024	**December 31, 2025**
Supplemental Retirement Plan for management employees (SRP), with respect to retired members	December 31, 2025	**December 31, 2026**
Post-employment unfunded plan	May 1, 2025	**May 1, 2028**
Self-insured Workers' Compensation	December 31, 2024	**December 31, 2027**
Long-term employee benefits plans, other than "Self-insured Workers' Compensation"	December 31, 2025	**December 31, 2027**

16. Employee Benefit Assets and Liabilities (cont'd)

Defined benefit component of the pension plans and other employee benefit plans

Based on these actuarial valuations and projections to December 31, the summary of the principal valuation results, in aggregate, is as follows:

	DEFINED BENEFIT COMPONENT OF THE PENSION PLANS		OTHER EMPLOYEE BENEFIT PLANS	
(in millions of Canadian dollars)	**2025**	**2024**	**2025**	**2024**
FAIR VALUE OF PLAN ASSETS				
Balance, beginning of year	**2,518.9**	2,402.4	**–**	–
Interest income	**115.4**	108.0	**–**	–
Remeasurements:				
Return on plan assets (excluding interest income)	**74.6**	128.4	**–**	–
Employer contributions *(Note 1)*	**–**	–	**6.4**	5.7
Defined benefit surplus utilized for defined contribution plan employer contributions *(Note 2)*	**(4.2)**	(3.0)	**–**	–
Employee contributions	**12.7**	12.5	**–**	–
Benefits paid	**(130.9)**	(127.2)	**(6.4)**	(5.7)
Administration expenses	**(2.2)**	(2.2)	**–**	–
Balance, end of year	**2,584.3**	2,518.9	**–**	–
EMPLOYEE BENEFIT LIABILITIES				
Balance, beginning of year	**2,050.5**	2,065.5	**32.1**	32.6
Service cost	**21.3**	21.6	**2.5**	2.8
Past service cost	**–**	0.1	**–**	0.1
Interest expense	**94.7**	94.0	**1.5**	1.5
Employee contributions	**12.7**	12.5	**–**	–
Benefits paid	**(130.9)**	(127.2)	**(6.4)**	(5.7)
Remeasurements:				
Effect of change in demographic assumptions	**1.9**	–	**0.2**	–
Effect of change in financial assumptions	**(54.5)**	(23.2)	**(0.3)**	(0.2)
Effect of experience adjustments	**(3.5)**	7.2	**7.0**	1.0
Balance, end of year	**1,992.2**	2,050.5	**36.6**	32.1
Employee benefit assets (liabilities) within non-current assets (liabilities)	**592.1**	468.4	**(36.6)**	(32.1)

Note 1: In 2022, the Corporation's Defined Benefit Pension Plan (DBP) had a going-concern excess, and solvency assets exceeding 105% of liabilities, therefore no minimum contributions were required to be made during the 2024 and 2025 fiscal years.

Note 2: In accordance with the VIA Rail Pension Plan regulations, a withdrawal of $4.2 million (December 31, 2024: $3.0 million) from the Non-Unionized and Unionized defined benefit pension surplus was utilized to fund the employer contributions related to the Non-Unionized Defined Contribution Plan as well as to the Unionized Defined Contribution Plan during the 2025 fiscal year.

16. Employee Benefit Assets and Liabilities (cont'd)

Expected employer contribution for the next year:

(in millions of Canadian dollars)	Defined benefit component of the pension plans 2026	Other employee benefit plans 2026
Expected employer contribution for the next year	–	5.7

The weighted average duration of the defined benefit obligation of the pension plans is 11.4 years (December 31, 2024: 11.8 years).

The fair value of the defined benefit component of the pension plan assets by major categories are as follows:

	2025				2024			
Assets categories (in millions of Canadian dollars)	**Level 1** (quoted market price)	**Level 2** (not quoted market price)	**Level 3** (not quoted market price)	**Total**	**Level 1** (quoted market price)	**Level 2** (not quoted market price)	**Level 3** (not quoted market price)	**Total**
Cash and short-term notes	63.0	0.1	–	**63.1**	54.8	0.5	–	55.3
Equity securities	445.0	–	–	**445.0**	433.1	–	0.6	433.7
Fixed income securities	–	718.4	14.3	**732.7**	–	594.4	16.2	610.6
Mutual fund units	14.6	652.8	675.4	**1,342.8**	13.2	649.0	757.1	1,419.3
Derivatives	–	0.7	–	**0.7**	–	–	–	–
	522.6	**1,372.0**	**689.7**	**2,584.3**	501.1	1,243.9	773.9	2,518.9

16. Employee Benefit Assets and Liabilities (cont'd)

	DEFINED BENEFIT COMPONENT OF THE PENSION PLANS		OTHER EMPLOYEE BENEFIT PLANS			
			POST-EMPLOYMENT BENEFIT PLANS		LONG-TERM EMPLOYEE BENEFIT	
	2025	2024	**2025**	2024	**2025**	2024
WEIGHTED-AVERAGE OF SIGNIFICANT FINANCIAL ASSUMPTIONS						
Defined benefit obligation:						
Discount rate	**4.90%**	4.70%	**5.00%**	4.70%	**4.50%**	4.50%
Rate of salary increase	**3.00%**	3.00%	**3.00%**	3.00% – 3.75%	**2.75% – 3.00%**	2.75% – 3.00%
Initial weighted average health care trend rate	**–**	–	**5.30%**	5.50%	**4.60%**	4.70%
Ultimate weighted average health care trend rate	**–**	–	**4.00%**	4.00%	**4.00%**	4.00%
Year ultimate rate reached	**–**	–	**2040**	2040	**2040**	2040
Rate of price inflation	**2.00%**	2.00%	**–**	–	**2.00%**	2.00%
Rate of pension increase	**1.00%**	1.00%	**–**	–	**–**	–
Mortality table *(Notes 1 and 2)*	**CPM2014Priv**	CPM2014Priv	**CPM2014Priv**	CPM2014Priv	**Ontario WSIB and 2019 CIA**	Ontario WSIB and 2019 CIA
Defined benefit cost:						
Discount rate	**4.70%**	4.60%	**4.70%**	4.60%	**4.50%**	4.60%
Rate of price inflation	**2.00%**	2.00%	**–**	–	**2.00%**	2.00%
Rate of salary increase	**3.00%**	3.00%	**3.00%**	3.00% – 3.75%	**2.75% – 3.00%**	2.75% – 3.75%
Rate of pension increase	**1.00%**	1.00%	**–**	–	**–**	–
Initial weighted average health care trend rate	**–**	–	**5.50%**	5.60%	**4.70%**	4.70%
Ultimate weighted average health care trend rate	**–**	–	**4.00%**	4.00%	**4.00%**	4.00%
Year ultimate rate reached	**–**	–	**2040**	2040	**2040**	2040
Mortality table *(Notes 1 and 2)*	**CPM2014Priv**	CPM2014Priv	**CPM2014Priv**	CPM2014Priv	**Ontario WSIB and 2019 CIA**	Ontario WSIB and 2019 CIA

Note 1: 105% of CPM2014 PRIV for unionized plan and 90% of CPM2014Priv for non-unionized plans. 100% of CPM scale B for all plans.

Note 2: For worker's compensation, Ontario Workers' compensation 2019-2023 mortality for injured workers and 2017-2019 Ontario Life tables for survivors (2024: Ontario WSIB Worker's compensation 2013-2017 generational mortality table). 2019 CIA study for other long-term employee benefits.

16. Employee Benefit Assets and Liabilities (cont'd)

Asset-liability matching strategies

The Corporation reassesses the pension plans investment policy annually to take into account material changes in plan demographics, the investment environment, and the financial circumstances of the plans as well as changes in risk tolerance. Every few years or when significant changes in circumstances warrant it, the Corporation will conduct a more complete asset liability modelling exercise to determine an optimal investment policy asset mix.

The current asset mix, with its sizable allocation to fixed income securities and income-based alternative investments, provides a significant amount of interest rate hedging compared to plan liabilities. This policy posture is expected to deliver a lower volatility of required funding while preserving ongoing funding costs at an acceptable level when considering the plan maturity profile.

Risk associated with defined benefit plans

The major risk associated with the pension plans is the funding risk, which is the risk that the investment asset growth and the contributions to the pension plans will not be sufficient to cover the pension obligations, resulting in unfunded liabilities.

Since the present value of the liability is calculated based on the discount rate based on high-quality Canadian corporate bond yields, the plans are also exposed to investment risk and to interest rate risk. Since the defined benefit obligation is adjusted according to the consumer price index, the plans are exposed to inflation risk, interest rate risk and longevity risk. Because plan assets include significant amounts in equity investments, the plans are exposed to equity market risk. The present value of the defined benefit plan liability is calculated by reference to the future salaries of participants, which expose the plan to salary risk.

16. Employee Benefit Assets and Liabilities (cont'd)

Sensitivity analysis

The Corporation has reviewed the assumptions used in the actuarial calculations and has identified the following assumptions as those that could result in a significant impact on the defined benefit obligation:

	OBLIGATION INCREASE / (DECREASE)	
(in millions of Canadian dollars)	**2025**	**2024**
Defined benefit component of the pension plans:		
Inflation rates		
Increase of 25 basis points	**29.3**	28.0
Decrease of 25 basis points	**(28.3)**	(27.6)
Discount rates		
Increase of 25 basis points	**(52.9)**	(56.2)
Decrease of 25 basis points	**55.7**	59.1
Pensions-in-payment		
Increase of 25 basis points	**23.9**	25.5
Decrease of 25 basis points	**(23.4)**	(25.0)
Salary growth rates		
Increase of 25 basis points	**4.3**	3.5
Decrease of 25 basis points	**(3.6)**	(3.5)
Mortality tables		
1 year younger	**50.6**	52.1
1 year older	**(51.2)**	(52.8)
Other employee benefit plans:		
Discount rates		
Increase of 25 basis points	**(0.9)**	(0.9)
Decrease of 25 basis points	**0.9**	0.9

16. Employee Benefit Assets and Liabilities (cont'd)

In the sensitivity analysis presented above, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same method as the one applied in calculating the defined benefit obligation recognized in the Statement of Financial Position.

There was no change in the method and assumptions used in preparing the sensitivity analysis from prior years.

Total amounts recognized in the Statement of Comprehensive Income:

(in millions of Canadian dollars)	2025	2024
Operating expenses:		
Defined benefit component of the pension plans	**2.8**	9.9
Other employee benefit plans	**12.3**	5.8
Total	**15.1**	15.7

These operating expenses are included in the "Compensation and employee benefits" line item of the Statement of Comprehensive Income.

(in millions of Canadian dollars)	2025	2024
Other comprehensive income:		
Defined benefit component of the pension plans	**130.7**	144.4
Other employee benefit plans	**1.4**	0.6
Total	**132.1**	145.0

17. Income Taxes

The income tax expense consists of the following:

(in millions of Canadian dollars)	2025	2024
Deferred	**9.6**	4.7
Income tax recovery	**9.6**	4.7

The overall income tax expense for the year differs from the amount that would be computed by applying the combined federal and provincial statutory income tax rates of 26.54 per cent (December 31, 2024: 26.53 per cent) to income before taxes. The reasons for the differences are as follows:

(in millions of Canadian dollars)	2025	2024
Net loss before income taxes	**(23.4)**	(4.7)
Computed income tax recovery – statutory rates	**6.2**	1.2
Non-deductible accounting expenses and other	**(0.1)**	(0.1)
Effect of unrecognized tax attributes	**2.7**	3.3
Effect of tax rate changes on deferred income taxes	**0.8**	0.3
Income tax recovery	**9.6**	4.7

Deferred income tax reflects the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes.

17. Income Taxes (cont'd)

Significant components of the deferred income tax assets and liabilities are as follows:

Deferred income tax balances
December 31, 2025

(in millions of Canadian dollars)	Opening Balance	Recognized in net income	Recognized in OCI	Closing Balance
Property, plant and equipment and advance on contracts	31.2	2.9	–	34.1
Provisions	1.7	0.5	–	2.2
Lease liabilities	26.4	(0.2)	–	26.2
Employee benefit liabilities	8.6	1.6	(0.4)	9.8
Losses carry-forward	13.1	1.8	–	14.9
Total deferred income tax assets	81.0	6.6	(0.4)	87.2
Other assets	(0.2)	0.2	–	–
Intangible assets	(1.7)	0.7	–	(1.0)
Right-of-use assets	(23.8)	0.3	–	(23.5)
Employee benefit assets	(124.3)	1.8	(34.7)	(157.2)
Total deferred income tax liabilities	(150.0)	3.0	(34.7)	(181.7)
Deferred income tax liabilities	**(69.0)**	**9.6**	**(35.1)**	**(94.5)**

17. Income Taxes (cont'd)

Significant components of the deferred income tax assets and liabilities are as follows:

Deferred income tax balances
December 31, 2024

(in millions of Canadian dollars)	Opening Balance	Recognized in net income	Recognized in OCI	Closing Balance
Property, plant and equipment and advance on contracts	26.5	4.7	–	31.2
Provisions	2.1	(0.4)	–	1.7
Lease liabilities	26.8	(0.4)	–	26.4
Employee benefit liabilities	8.7	0.1	(0.2)	8.6
Losses carry-forward	14.5	(1.4)	–	13.1
Total deferred income tax assets	78.6	2.6	(0.2)	81.0
Other assets	–	(0.2)	–	(0.2)
Intangible assets*	(0.2)	(1.5)	–	(1.7)
Right-of-use assets	(24.2)	0.4	–	(23.8)
Employee benefit assets	(89.4)	3.4	(38.3)	(124.3)
Total deferred income tax liabilities	(113.8)	2.1	(38.3)	(150.0)
Deferred income tax liabilities	**(35.2)**	**4.7**	**(38.5)**	**(69.0)**

**Certain comparative figures have been reclassified to conform to the current year's presentation.*

17. Income Taxes (cont'd)

The Corporation has $56.0 million (December 31, 2024: $49.2 million) of unused federal and other provinces and $58.5 million (December 31, 2024: $51.7 million) of unused Québec non-capital tax losses carried forward. These losses expire between 2031 and 2045.

The Corporation has not recognized any deferred tax assets on certain of its deductible temporary differences as it has determined that it is not probable that taxable profit will be available against which the deductible temporary differences can be utilized. The Ontario corporate minimum tax credit expires between 2030 and 2037.

Unrecognized deductible temporary differences for which no deferred tax assets have been recognized are attributed to the following:

(in millions of Canadian dollars)	2025	2024
Federal and other provinces:		
Ontario corporate minimum tax credit	**1.8**	1.8
Total	**1.8**	1.8
Québec:		
Property, plant and equipment and intangible assets	**–**	106.5
Total	**–**	106.5

18. Deferred Capital Funding

Deferred capital funding represents the unamortized portion of the funding used to purchase property, plant and equipment and intangible assets.

(in millions of Canadian dollars)	2025	2024
Balance, beginning of year	**2,518.2**	2,137.4
Government funding for property, plant and equipment and intangible assets (including the cost of land)	**357.3**	524.1
Government funding for an advance on contract	**2.5**	3.0
Total Government funding for property, plant and equipment, intangible assets and advance on contract	**359.8**	527.1
Amortization of deferred capital funding	**(173.2)**	(146.3)
Balance, end of year	**2,704.8**	2,518.2

19. Share Capital

The authorized share capital of the Corporation is comprised of an unlimited number of common shares with no par value. For all years presented, 93,000 shares at $100 per share are issued and fully paid.

The Corporation defines its capital as share capital and accumulated deficit and is regulated by the *Financial Administration Act*. The Corporation is not allowed to modify its capital structure without Government approval. The Corporation must obtain Government approval to issue debt instruments. Accordingly, the Corporation does not have access to external financing and does not have a flexible capital structure.

The Corporation manages its equity by prudently managing revenues, expenses, assets, liabilities, investments and general financial dealings to ensure that the Corporation effectively achieves its objectives and purpose while remaining a going concern. The Corporation did not change the way it manages its equity in the current year.

20. Supplemental Cash Flows Information

Net change in working capital items:

(in millions of Canadian dollars)	2025	2024
Trade and other receivables	**62.7**	(36.8)
Other assets	**(0.9)**	(1.5)
Materials	**3.3**	(0.8)
Trade and other payables	**(12.1)**	(1.8)
Provisions	**0.6**	0.1
Deferred revenues and other liabilities	**9.4**	12.5
Total	**63.0**	(28.3)

The change in trade and other receivables excludes an amount of ($19.5) million (December 31, 2024: $83.6 million) in relation to government funding for capital expenditures, as the amount relates to investing activities.

20. Supplemental Cash Flows Information (cont'd)

Investing activities supplemental information:

(in millions of Canadian dollars)	2025	2024
Total acquisition of property, plant and equipment and intangible assets	**(375.4)**	(586.5)
Additions to property, plant and equipment and intangible assets not affecting cash as they were previously cashed out through the advances on contracts	**12.4**	19.3
Change in accounts payable and accruals – Capital assets	**(34.6)**	(6.2)
Change in non-current other payables	**(22.9)**	25.8
Total cashed out for acquisition of property, plant and equipment and intangible assets	**(420.5)**	(547.6)
Government funding invoiced for property, plant and equipment and intangible assets	**357.3**	524.1
Change in amount receivable from the Government of Canada – Capital funding	**(19.5)**	83.6
Total Government funding received for property, plant and equipment and intangible assets	**337.8**	607.7

21. Financial Risks

a) Risk management

As part of its operations, the Corporation enters into transactions with financial risks exposure such as credit, liquidity and market risks. Exposure to such risks is significantly reduced through close monitoring and strategies that include the use of derivative financial instruments.

Derivative financial instruments such as swaps are utilized by the Corporation in the management of its exposure to changes in fuel prices. Commodity swaps are used to manage its exposure to fuel prices on the entirety of its fuel consumption. There have been no significant transfers between levels 1 and 2 during the current and prior year. There has been no change in the valuation techniques from the prior year.

The Corporation does not enter into derivative financial instruments for trading or speculative purposes. The Corporation does not currently apply hedge accounting on these derivative financial instruments.

b) Foreign exchange risk

The Corporation is exposed to foreign exchange risks on the following balances that are denominated in U.S. dollars (USD):

(in millions of Canadian dollars)	2025	2024
Assets:		
Cash	**2.0**	1.3
Trade and other receivables	**0.6**	1.3
Liabilities:		
Trade and other payables	**2.5**	3.8

A variance of 5 per cent in the exchange rate of USD would not have a significant impact on the Corporation’s net income.

21. Financial Risks (cont'd)

c) Credit risk

Credit risk is the risk that one party to a financial instrument might not meet its obligations under the terms and conditions of the agreement. The carrying amount of financial assets is $50.9 million (December 31, 2024: $79.2 million) and represents the Corporation's maximum exposure to credit risk. The Corporation does not use credit derivatives or similar instruments to mitigate this risk and, as such, the maximum exposure is the full carrying value or face value of its financial assets. The Corporation minimizes credit risk on cash and derivative financial instruments by dealing only with reputable and high-quality financial institutions. The Corporation's exposure to credit risks on trade accounts receivable is reduced by applying a credit policy that establishes limits on the concentration of risk, requires assessing and monitoring of counterparty credit risk and sets credit limits. Only Canadian Government departments and agencies, Crown corporations issuing government travel warrants and travel agents who are members of the International Air Transport Association (Billing and Settlement Plan /Airline Reporting Corporation) are exempt from the Corporation's credit approval process.

As at December 31, 2025, approximately 5.0 per cent (December 31, 2024: 8.5 per cent) of trade and other receivables were over 90 days past due, while approximately 78.2 per cent (December 31, 2024: 69.5 per cent) of trade and other receivables were current (under 30 days).

As at December 31, 2025, the loss allowance was $0.5 million (December 31, 2024: $0.9 million).

d) Fuel price risk

In order to manage its exposure to changes in fuel prices and minimize volatility in operating cash flows, the Corporation enters into derivative contracts with financial intermediaries based on the price of a commodity (i.e. heating oil) or a market index. A fluctuation of 5 per cent in the USD price of heating oil or fuel would not have a significant impact on the financial statements.

e) Liquidity risk

The Corporation manages its liquidity risk by preparing and monitoring detailed forecasts of cash flows from operations and anticipated investing and funding activities. The liquidity risk is low since the Corporation does not have debt instruments to service and receives regular funding from the Government of Canada.

The reported financial liabilities below totaling $254.4 million (December 31, 2024: $326.7 million) represent the maximum liquidity risk exposure for the Corporation.

21. Financial Risks (cont'd)

The following tables summarize the contractual maturities for the derivative and non-derivative financial liabilities, on a gross and undiscounted basis, as at:

	December 31, 2025			
(in millions of Canadian dollars)	Less than 1 year	1 to 2 years	Over 2 years	Total
Trade and other payables	194.5	–	–	**194.5**
Deferred revenues and other liabilities	1.4	–	–	**1.4**
Non-current other payables	–	0.5	58.0	**58.5**
Total	195.9	0.5	58.0	**254.4**

	December 31, 2024			
(in millions of Canadian dollars)	Less than 1 year	1 to 2 years	Over 2 years	Total
Trade and other payables	245.1	–	–	245.1
Deferred revenues and other liabilities	0.2	–	–	0.2
Non-current other payables	–	56.2	25.2	81.4
Total	245.3	56.2	25.2	326.7

f) Interest rate risk

Interest rate risk is defined as the Corporation's exposure to a loss of earnings or a loss in the value of its financial instruments as a result of fluctuations in interest rates. As at December 31, 2025 and December 31, 2024, there was no exposure to interest rate risk as all the Corporation's liquidity were invested in cash accounts.

22. Commitments

The following table presents the contractual commitments of the Corporation that are not included in the Statement of Financial Position:

	2025			
(in millions of Canadian dollars)	Total commitments	Less than 1 year	From 1 to 5 years	More than 5 years
COMMITMENTS RELATING TO OPERATIONS				
Non-cancellable leases: Lessee	**198.4**	8.0	33.5	156.9
Technical services and other services	**374.6**	49.2	119.1	206.3
Usage of tracks	**36.3**	1.4	5.6	29.3
Total	**609.3**	58.6	158.2	392.5
COMMITMENTS RELATING TO MAJOR CAPITAL INVESTMENTS				
Rolling stock	**27.4**	20.5	6.9	–
Maintenance buildings	**22.9**	22.9	–	–
Stations and facilities	**1.1**	0.5	0.6	–
Owned infrastructures	**13.4**	13.4	–	–
Leasehold improvement	**0.3**	0.3	–	–
Total	**65.1**	57.6	7.5	–
Total commitments	**674.4**	116.2	165.7	392.5

22. Commitments (cont'd)

a) As mentioned in Note 1 Authority, Objectives and General Information, the Corporation has entered into train service agreements for the use of tracks and the control of train operations. For some contracts, no amounts are included in the table above regarding those contracts since the amount of the commitments depends on the annual usage of the tracks. In the normal course of business, the Corporation enters into contractual agreements to acquire goods and services over periods extending beyond one year. The Corporation presents non-cancellable contractual obligations, which are financial obligations to third parties that will become liabilities when the terms of these contracts or agreements to acquire goods or services are met.

b) The Corporation has provided letters of credit from a financial institution totalling approximately $24.8 million (December 31, 2024: $23.8 million) to various provincial government workers' compensation boards as security for future payment streams.

23. Related Party Transactions

A) Government of Canada, its agencies and other Crown corporations

The Corporation is related in terms of common ownership to all Government of Canada created departments, agencies and Crown corporations. The Corporation enters into transactions with these entities in the normal course of business on trade terms similar to those applied to other individuals and enterprises and these transactions are recorded at fair value.

In 2022, the Corporation and the unconsolidated structured entity entered into a service agreement for collaboration and support regarding the High Frequency Rail (HFR) project and for back-office services provided by the Corporation to VIA HFR – TGF VIA Inc. to facilitate the organization and functioning of the unconsolidated structured entity. As at December 31, 2025, the Corporation has an account receivable from VIA HFR – TGF VIA Inc. of $0.1 million (December 31, 2024: $0.4 million) and re-invoiced a total amount of $3.4 million (December 31, 2024: $3.8 million) during the year mainly included in the "Professional services" and "Compensation and employee benefits" lines item of the Statement of Comprehensive Income. There were no significant transactions in 2025 and 2024.

Other than disclosed elsewhere in these financial statements, related party transactions are not significant.

23. Related Party Transactions (cont'd)

B) Key management personnel

The remuneration of key executives with the exception of the President and Chief Executive Officer is determined by the Human Resources Committee having regard to the performance of individuals and market trends. The Human Resources Committee recommendation is then presented and approved by the Board of Directors. The remuneration of the President and Chief Executive Officer is determined by the Governor in Council.

The Corporation's key executives have been defined as the executive staff members that are members of the Corporate Management Committee and the members of the Board of Directors.

The compensation of the key executives of the Corporation is as follows:

(in millions of Canadian dollars)	2025	2024
Compensation and short-term employee benefits	**3.7**	4.3
Termination benefits	**0.8**	1.3
Other employee benefits	**0.5**	1.0
Total	**5.0**	6.6

The Corporation may enter into transactions with corporations who employ close family members of key management personnel or Directors of the Board. These transactions are made in the normal course of business and are recorded at fair value. These transactions are not significant for the years ended December 31, 2025 and December 31, 2024.

C) Transactions with post-employment benefits plans

Transactions with the Corporation's post-employment benefits plans are conducted in the normal course of business. The transactions with the Corporation's post-employment benefit plans consist of contributions as determined by actuarial valuations, as disclosed in Note 16. There were no other significant transactions during the year.

VIA Rail Office Locations

Headquarters and Québec

3 Place Ville Marie
Suite 500
Montréal, Québec
H3B 2C9
514 871-6000

895 de la Gauchetière West
Montréal, Québec
H3B 4G1
514 989-2626

Atlantic

1161 Hollis Street
Halifax, Nova Scotia
B3H 2P6
902 494-7900

West

146-123 Main Street
Winnipeg, Manitoba
R3C 1A3
204 949-7483

1150 Station Street
Vancouver, British Columbia
V6A 4C7
604 640-3700

Contributors to the 2025 Annual Report

Editor
Corporate Communications, VIA Rail

Graphic design
Les Évadés

@viarailcanada
viarailcanada
VIA Rail Canada
@VIA_Rail
VIARailCanadaInc

VIA Rail Canada